MARCH, 1959

Credit and FINANCIAL MANAGEMENT

Personal Contact Is Found Best Approach To Top Management
CFM SYMPOSIUM

Do Not Tinker with Ledger Experience in Payment Arrangement, Says Credit Manager

Insurance Plans Used To Attract and Hold Key Executive Talent

Office Cost and Time Are Shaved by Billing At Point of Packaging

The Way Out *(See pp. 5 and 14*

VOLUME 61 NUMBER 3

In the News

Walter Behlen of Behlen Manufacturing Company of Columbus, received the "Golden Deeds Award" from the Nebraska Motor Carriers Association.

George L. Woodruff, Jr., vice president, Security-First National Bank, Burbank, Calif., was named campaign chairman for the 1959 Junior Achievement Fund Drive. Mr. Woodruff is a member of Credit Research Foundation, Inc., National Association of Credit Management.

Harold J. Steele, senior vice president, First Security Bank of Utah, N. A., Salt Lake City, Utah, has been named head of the United Fund campaign for metropolitan Salt Lake City.

Francis A. Schuehardt, vice president, Trenton Trust Company, Trenton, N. J., has been elected president of the Mercer County Bankers Association.

Richard H. Keenan, vice president, Central-Penn National Bank, Philadelphia, and a director of the Credit Association of Eastern Pennsylvania, has been elected treasurer and member of the board of governors of the Heart Association of Southeastern Pennsylvania.

Sidney J. Weinberg, partner, Goldman, Sachs & Company, New York City, has been elected trustee of the Committee for Economic Development.

Only Broader Tax Base Can Bring Relief, Says Educator

Only 6 of every 10 dollars in U. S. personal income is subject to Federal taxes, and lower tax rates across the board probably cannot be had until the base is broadened to include a higher proportion of total income, says Paul F. Icerman, public accountant and lecturer, University of Michigan.

Tax revenues have not kept pace with the rising national income the last decade because more and more income has been placed outside the reach of the tax collection, Mr. Icerman writes in "Michigan Business Review."

EDITORIAL

YOUR ~~The President's~~ National Budget

THE "Battle of the Budget"— $77,000,000,000 — will be not only a "battle" over specific legislation but a test of strength between the Administration and Congress, of economic theory and political philosophy.

The test is crucial. It's *your* budget and mine. It will be a "battle" to defend the American dollar against further shrinkage of its purchasing value, to keep it sound and to maintain respect for it throughout the world. We heartily indorse and back President Eisenhower's stand on the three main points:

1. **STOP INFLATION**—extremely important for now and the years ahead. A hundred good reasons can be listed to justify curtailment of inflation, whether it be runaway or creeping. Let's look at only a couple injustices inflation inflicts on those on fixed incomes and upon pensioners . . . the thrifty whose savings would be impaired: forced increased prices . . . failure of wages to keep up with increased living costs . . . suffering by the poor . . . passing on to our children and grandchildren the costs of our present-day extravagance and mismanagement.

2. **STOP UNNECESSARY SPENDING** —It is the duty of Congress to schedule its spending within the available income to preserve the integrity of the budget and the dollar. Congress cannot have both increased foreign aid and defense spending and at the same time special "home area" projects, such as bigger farm subsidies, health insurance, housing, airport expansion, reclamations, reforms and innumerable other socialized programs and handouts. To accomplish curtailment of unnecessary spending, the leaders in labor unions have a particularly critical role to play. They must be realistic in their demands, must reflect awareness that stability of prices is essential to continued economic growth. To permit inflation and consequent increase of prices would raise the spectre of a buyers' strike, threatening another and more serious recession.

3. **TAXES ARE NOW TOO HIGH**—for desired economic health. Even moderate tax reduction could easily spur the rate of advance in our economy. Substantially increased tax revenue can be had by closing "loopholes" and by improving collection procedure. We as credit executives seldom experience a failure in which we are not amazed at the amounts of uncollected delinquent taxes, jeopardizing possibilities of rehabilitation.

The President agrees that private spending is inherently more valuable than Government spending, except for defense, which only government can perform. Then why not turn over to private operation the many government operations that could be managed more efficiently by industry, with profit to the taxpayers and increased revenue to the government?

Even a very nominal cut-back of individual income tax and corporation tax would undoubtedly return higher earnings and would be reflected in larger tax payments. You have frequently heard the term "Pricing oneself out of the market." We wonder if the government isn't pricing itself out of maximum tax return, by its present high rates of taxation. If Congressmen need any reminder that it is unwise to appropriate funds over the limits of reasonably expected income, they need only take a look at the budget's interest item on servicing our Federal debt. That servicing now exceeds $8 billions—more than 10 per cent of the total budget.

It isn't "President Eisenhower's budget." It's *your* budget and mine, so let's tell our Congressional representatives what we think of it.

Edwin B. Moran

EXECUTIVE VICE PRESIDENT

THE MARCH COVER

SEEING an account reverse a downward trend and move into the high road of recovery is a cheering experience to a credit executive, especially when he has had a hand in helping the company effect the change of direction.

The situation indeed called for action. The steps taken, and why both customer and bank anticipate complete liquidation of the debt this year, are explained by John E. Donovan, assistant cashier of the First American National Bank at Nashville, in his article on page 14. He is at the right in the cover picture,

Photo by James H. Pollard, Nashville

with Thomas Scott Fillebrown, Jr., also assistant cashier. A biographic sketch of Mr. Donovan, president of the Nashville Association of Credit Men, appears on page 14.

Mr. Fillebrown, native of New York City, is a graduate *magna cum laude* of Princeton University and holds a standard certificate of the American Institute of Banking. He began with the bank in 1950 and served in the Melrose Branch and the credit department before election as assistant cashier in January 1957.

He is past president, Nashville Junior Chamber of Commerce; past president, Princeton Alumni Association of Middle Tennessee; assistant secretary-treasurer, Big Brothers of Nashville; vice president, Junior Achievement of Nashville; treasurer, Julia Green School Men's Club, former board member, American Institute of Banking. He served two stints in the Navy.

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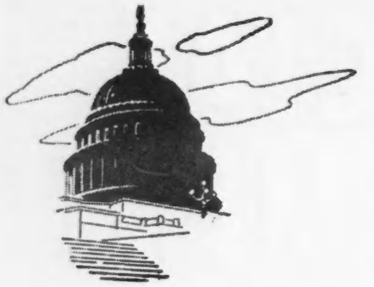


Washington

A BILL to limit Government tax priorities in bankruptcy is once again before the Congress. It will be recalled that early in the last Congress a bill sponsored by the National Association of Credit Management was introduced which would have limited Government claims in bankruptcy to those taxes which have become legally due and owing within one year before bankruptcy. Hearings were held, and out of these hearings a compromise bill was adopted by the House limiting Government priorities to unsecured tax claims which have become due and owing within three years before bankruptcy. All unsecured tax claims going back for more than three years were to be given equal treatment with general creditors' claims.

The new bill, H.R. 2236, by Representative B. L. Whitener of North Carolina, is the same bill which passed the House in the last Congress. At present there is no limitation whatsoever on tax priorities. Those who have served on creditors committees point out case after case in which amounts taken from a bankrupt estate to pay off old tax claims have left little or nothing for payment to general creditors of the bankrupt.

Union Welfare Funds Priority

A second bill introduced by Representative Whitener would have the opposite effect of making a smaller portion of a bankrupt estate available to general creditors. That bill, H.R. 2233, would provide that payments due to Union Welfare Plans or other funds or plans "established for the purpose of providing employee benefits" would be considered as wages under the definition of the wage priority section of the National Bankruptcy Act. To qualify for the wage priority, payments due such funds or plans, however, would be only those which are deductible from the employer's gross income under the Internal Revenue Code.

Whether or not Union Welfare Funds should be construed as wages under the Bankruptcy Act was a question recently argued before the U. S. Supreme Court in its review of a Third Circuit court of appeals ruling *in re. Embassy Restaurant, Inc.* The Third Circuit ruling was, in effect, that an employer's contributions to a Union Welfare Fund are wages under the Bankruptcy Act. Appeal for a reversal of this decision was made by the U. S. solicitor general and a friend-of-the-court brief was filed by NACM. As we go to press no ruling has been handed down.

Attempts also are being made in Congress to increase the amount of wage priorities from the present maximum of $600 to $1,500 to each claimant for wages earned within three months before bankruptcy. Bills to this effect, S.113 and H.R. 872, have been introduced by Senator J. K. Javits and Representative A. J. Multer, both of New York.

Those of you who were at the 62nd Annual Credit Congress in Detroit will recall the address given by Edwin L. Covey with regard to problems of wage earners' bankruptcies. Two bills S. 303 and H.R. 2237, by Senator E. M. Dirksen of Illinois and Representative Whitener have been introduced to make wage earners' plans under Chapter XIII of the Bankruptcy Act more widely available by removing the $5,000 per year limitation on income from the definition of "wage earner."

MANY OTHER tax changes have been put up to the new Congress. Perhaps one of the more interesting pieces of suggested legislation is that by Representative A. S. Herlong, Jr., of Florida and Representative H. H. Baker of Tennessee. They offer a bi-partisan $17 billion tax reform program, including personal and corporate tax cuts and liberalized depreciation for equipment. In introducing their proposal, they stressed that the continuing shortage of capital, because of punitive tax rates, has been a great underlying force of inflation.

They suggested five yearly reductions in personal income tax, as of January 1st this year in all tax brackets, with the top bracket dropping from 91 per cent to 47 per cent, a lowering of corporate income taxes from the present 30 per cent normal tax to 27 per cent by three yearly 1 per cent cuts beginning this year, and a reduction in corporate surtax from 22 per cent to 20 per cent by 1 per cent reductions in each of the next two years.

Under their proposal, there would also be five yearly cuts of 5 per cent each in the maximum required length of property lives for new plant and equipment. These depreciation provisions would supplant the present Treasury Department Bulletin F by substituting six broad classes of depreciable property.

There would also be a deferral tax on long-term capital gains until such time as a tax-

payer liquidated the investment involved. The estate tax would also be cut to a 1.75 to 47 per cent range from the present 3 to 77 per cent range, and the gift tax would be cut to a range of 1.25 to 35.25 per cent compared with the present 2.25 to 57.75.

℄ THERE is a strong move in Congress to impose "fair and reasonable" taxes on cooperatives and patrons who share in co-ops' income. The move has the support of the Treasury Department and the Administration. Representative Noah M. Mason of Illinois has reintroduced his bill, H.R. 198, for full taxation of cooperative income. It is substantially the same as prior bills before Congress the past several years.

Under the new Treasury proposal, tax-free retention of cooperative income would be limited to three years, and cooperatives would be permitted to deduct amounts paid to the patron during the taxable year if paid in cash or the form of "qualified" patronage certificates. Such certificates would bear interest at the rate of at least 4 per cent and must by its terms be redeemable in three years after the close of the year in which issued. A co-op would not be permitted a tax reduction on non-qualified certificates (such as certificates redeemable within a period of more than three years or with interest of less than 4 per cent) until the document is redeemed in cash.

OFFICIAL TEXTS — of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25, D.C.

The co-op patron would be required to include in his taxable income only the cash amounts received, either as current cash distributions or as amounts received on redemption of patronage receipts.

All distributions of cash would be deductible by the co-op and taxable to the patron. Amounts received upon redemption or on sale or exchange of redeemable certificates would be taxed as ordinary income rather than capital gain. The Treasury Department concedes that this new cooperative tax plan would produce little in the way of additional revenue, but holds that it would tend to eliminate present inequities in the taxation of co-ops as against the taxation of conventional business. In offering the Treasury proposal, Secretary Robert T. Anderson paid tribute to the "important place" co-ops occupy in farm communities. But, he contended, "some single tax liability should be assumed by all who participate in the business activities of the country."

The NACM has long taken the position that cooperatives competing with private fully taxed businesses should share the tax burden on an equitable basis.

Another piece of newly proposed tax legislation, of wide interest to the credit community and particularly to suppliers of building materials, is a bill, H. R. 646, by Representative F. E. Smith of Mississippi to provide, in effect, that a Federal tax lien should not be valid against a holder of a mechanic's lien "until notice thereof has been filed." Under present Federal tax law, the tax lien attaches to property at the time the assessment is received by the tax office. No public notice is required.

Supporters of the bill point out that without such notice there is no way for a material supplier on a construction job to learn if there is a tax lien, or the amount of such lien. This legislation would help to overcome the effect of a U. S. Supreme Court ruling last November in *United States v. Hulley* that a Federal tax lien (even though no notice is filed) rates priority over any other liens in settlement.

Recently an NACM member wrote concerning this decision as follows: "This means that the Federal Government could have an unfiled tax lien against a contractor that would automatically attach to any labor or materials furnished on a job even before the due date of either. Most state laws recognize that a lien is automatic with the furnishing of either labor or materials on a construction job. This ruling, of course, overrules any such state law and renders in many, many cases mechanic's and materialman's lien worthless."

It will be recalled that delegates to the 62nd Annual Credit Congress in Detroit unanimously adopted a resolution favoring that a notice of a Federal tax lien must be filed if it is to be valid against a holder of a mechanic's or materialman's lien.

℄ TO PROMOTE economic stability, the Federal Reserve Board should be given power to control interest rate ceilings on VA and FHA home mortgages, to establish selective controls on consumer instalment credit, and to create secondary reserve requirements for commercial banks, "limiting their freedom to sell holdings of government securities in order to increase loans—a change which generally contributes to inflation," says a University of Michigan faculty member.

Associate Professor Warren L. Smith of the University of Michigan, now a visiting professor at Harvard, makes the suggestions in a paper prepared for the Sparkman subcommittee on housing of the Senate committee on banking and currency.

Personal Contact Bes

Credit Executives Show How They Won Adoption of Programs

METHODS and procedures successfully applied by credit executives, in placing ideas and programs before top management and sales managers for acceptance, are presented on this and the following pages.

In the February issue of *Credit and Financial Management*, credit managers emphasized the importance of preparedness, of spelling out the proposal and marshaling the facts and data to support it, before seeking an audience.

Case histories of specific programs and the presentation of them are discussed in this number.

Procedures have varied, but the participants in the discussion agree that the personal contact approach is most effective. One advocates working through a credit committee, with top management and sales executives as members. Another cites the merits of using charts, graphs and percentage tables. A third covers the subject thoroughly in a formal letter, takes it to the sales manager, and waits while the latter reads it. A fourth recites eight specific steps of preparing for the conference.

The credit department of another company is now consulted on all prospective customers as a direct result of a program carefully evolved. Still another works through a series of bulletins to the division manager as a starting point.

Whatever the form of the approach, established communication results in productive cooperation of all.—Ed.

Credit Committee Is a Key To Approaching Management

A. L. REED
Credit Manager
Dairy Cooperative Association
Portland, Oregon

I HAVE found the most successful method of approaching top management and the sales department has been through the setting up of a credit committee. This committee consists of top management, sales manager, chief accountant and credit manager.

With weekly meetings and special meetings when necessary, the committee method has provided an excellent opportunity to keep management informed, both for the credit manager and the sales manager. Problems of the organization are better understood and are more easily solved with the participation of the group. By combining the backgrounds and abilities of the individuals, better judgment has been used in the selection of prospective customers, solution of problems of marketing, legal and financial viewpoints.

It has drawn the credit and sales departments closer together. The credit department has become more sales-minded and the sales department more credit-minded, each being more dependent upon the other.

With top management kept informed at all times of matters concerning the two departments, he is in a much better position to pass judgment on their decisions. He knows when they have taken an added risk together, and if a loss occurs he is aware that it is definitely the responsibility of both departments.

The problem of educating the sales department personnel has also been achieved through this system of coordination. The salesman is better equipped to counsel with his customers and has a better understanding of "if and when" he can sell the customer.

A trend of the accounts receivable status is furnished monthly to top management and the sales departments through the aging of all accounts by the IBM department. This monthly method, rather than quarterly or semi-annually, leads to the reviewing of problem accounts directly with top management at more frequent intervals.

The system has been profitable, "through the cooperation of all for the common good of each."

Personal Discussion Best With Management, Sales

ROBERT L. BURR
Assistant Secretary
Credit Manager
American Cast Iron Pipe Co.
Birmingham, Alabama

WHEN a past due account starts bordering on trouble and requires action, best results are obtained by a personal visit with the customer, where you can sit down and discuss the details. This same procedure is the most successful when you are endeavoring to win top management's acceptance of your ideas.

Being at the home office and so in proximity to top management facilitates such a conference, but there are several very important steps to be taken before requesting the audience. First, analyze carefully your suggestion as

Management Approach

to cause and effect. Would acceptance in any way be contrary to company policy? Outline, before the meeting, the points you want to cover. Then, try to anticipate what questions may be asked, and have the answers ready, supported by facts.

Sometimes charts, graphs, and percentage tables add to the perspective for the overall picture you seek to present. It is also usually helpful, in most cases, to know what other companies in your industry are doing in similar programs.

If your idea will cost the company money—and most ideas do—it is up to you to prove that in the long run it will actually save the company money. Last, but not least, the criterion is the good of the whole company.

In presenting your ideas to sales management, here again you cannot beat the personal contact approach. The closer Sales and Credit work together the better the service rendered toward increased profitable sales.

Real progress has been made when you have convinced the sales manager that you are sales-minded, that you are just as interested as he is in completion of a sale. It's good business to discuss a special problem with him. Present your ideas and then ask for his thoughts.

One procedure that has been very effective is to cover the matter thoroughly in a letter, using all the important sales points to sell your idea, and take the letter personally to the sales manager for him to read while you are in his office. Then ask for his comments.

It is the sales managers in the branch offices, and especially the younger men, who require your patient and continuous efforts to prove to them that you are on the same team, that all are working for the same goals. When you have established this confidence you will find their cooperation and help invaluable.

Credit Messages to Division Managers Win Cooperation

THOMAS D. McELROY

Treasury Department

The National Supply Company

Pittsburgh, Pennsylvania

HOW can you place "Home Office" credit ideas and suggestions in the hands of some 200 key sales and operational personnel scattered throughout seven decentralized oil country divisions and 125 oilfield stores? That was the problem of the treasury department of The National Supply Company when credit and collection difficulties started to increase last spring when the drilling contracting industry was experiencing the recession.

Some firms in the oil field supply business were experiencing severe credit losses. Our own sales volume was reduced, and many of the marginal customer transactions available were quite questionable.

Obviously there was neither the credit manpower nor the time to conduct even a limited credit educational program and to explain new credit trends in the industry on an individual basis for so large a group. Delegation of this program to our seven divisional credit managers in the oil country would have taken a great deal of their time away from the vast amount of day-to-day credit work which was increasing in scope and importance. We decided there was only one answer—and one starting place.

Each of our seven domestic oil country divisions is headed by a division manager and is staffed by a division sales manager, division credit manager, division accountant, and similar key employees. Including store managers, field personnel and others, there are well over 1,000 employees in the oilfield division operations of our company.

Starting Point: Division Managers

Our starting place was with the division managers, who have top authority for the activities of their divisions. Our approach was a program of providing the division managers with multilith "carbon copies" of all bulletins sent to our key credit personnel which we felt sufficiently constructive or of wide general interest. We reasoned that the division managers would pass on our thoughts to subordinate personnel if the managers agreed that the suggestions were sound. By the "carbon copy" method we would not convey direct suggestions or appeals. We merely would keep management informed of developments we considered highly important, leaving the door open for sales to adopt the ideas or to voice any difference of opinion. As a result of this program we have gained a better understanding of our credit problems and suggestions.

We made no attempt to "flood" the division managers with reading material. Each of our five letters to date was addressed to our key credit personnel, with copies to the top home-office sales management and the division managers. Each letter contained a definite message or enclosed material of general interest which would not have otherwise reached sales and division management attention.

Our first release, in February, 1958, commented on sizable insolvencies in which we had refused credit. We generalized the comments without specific reference to areas involved or the names of debtors or suppliers. This attempt at credit "education" was built largely around the following two observations:

(1) *An unsound sale is not good for the supplier.* Any prestige and potential profit temporarily appearing on the surface is ultimately more than offset in the "clean-up" stage when credit is extended improperly. Any large loss can wipe out all of the profit on several good sales of comparable size.

(2) *An unsound sale is usually disastrous for the customer.* Rig repossessions invariably result in a loss of the customer's lifetime savings. The granting of too

liberal terms, when followed by such consequences, is certainly no "favor" to the customer.

In March, 1958, we enclosed a brief credit case on a bankruptcy that cost the creditors approximately $500,000. We pointed out that this was another instance in which one of our division credit managers had wisely refused substantial requests for credit, and made adequate mention of the need for a financial basis to justify credit.

The third release, in April, 1958, enclosed a study by the Small Business Administration which we considered an excellent review of "Traps to Avoid in Small Business Management." In the letter of transmittal we mentioned the increased necessity to protect company assets while maximizing sales, and emphasized the need of a more complete understanding of marginal situations. We also stressed the ability of Sales to help Credit through increased use of field reports.

Program Officially Recognized

This letter prompted the first official recognition of our program, a letter from our manager of oil field sales. He expressed his appreciation for our letter, with copies to the division managers. He heartily indorsed our action of taking the opportunity to remind the credit managers of the difficult times and the difficulties that lay ahead. His letter concluded, "I think such efforts cannot help but promote a better job on the part of all of us."

One of our subsequent releases was a confidential study which indicated a good basis for the increasing optimism in our industry. No attempt was made to include any credit message in the letter of transmittal.

Our release of November, 1958, unquestionably accomplished more for our company and received wider reception than any of the previous ones. This letter emphasized the importance of supplier lien rights on marginal transactions and enclosed a rather lengthy paper on the subject. We asked each division manager for his authorization to place copies in the hands of the store managements and key personnel in his division.

There was no precedent for such a request, but we felt that the conditions in the industry made such action advisable. The prompt response indicated unanimous and enthusiastic approval by the six division managers in areas where lien laws are applicable.

Suggests Wide Circulation

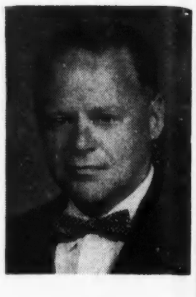
One division manager replied, "We appreciate receiving this report. Please feel free to place copies of this paper in the hands of our key personnel as you see fit." Another division manager commented, "I think that you should circulate this paper widely. Each store manager and each district manager should receive a copy. We should also have some additional copies at this office for distribution later. The paper is excellent, and it is an important subject to our entire organization."

We visualize that this approach will become even more valuable to our company as a whole. None of our letters has been prepared with any intent to make credit experts out of sales personnel. We have no intention to restrict sound credit by this method. To the contrary, a proper approach should help our sales force to expand volume in areas of better credit risk through added Sales-Credit cooperation and understanding.

Experience to date has proved that future messages in this direction must continue to be carefully selected, carefully written, factual, brief, and timely. Any credit message or ideas must be well founded, adequately explained, and of logical benefit to the company as a whole. The "carbon copy" method has proved its merit. It has many possible variations which could be applied in other companies.

Manager Now Consulted on All Prospective Customers

CARL LANGE
Assistant Treasurer
American Maize-Products Co.
New York, New York



REORGANIZATION of our treasury department a few years ago brought about some necessary changes which affected the credit department. As a result it was endowed with more stature and importance in the projected policy of the company.

At the very outset, the credit department was given the responsibility of instituting sound credit practices. As the first move, suggestion was made to review all active accounts. With the exception of a relatively few cases, the lines of credit had never been reviewed or revised.

We have two classes of accounts: Customers to whom shipments are made from our factory, and those who are served out of warehouses. Shipments out of the factory are, in the main, in carload lots, and the related orders are checked and approved before shipment is made. The other type of account gets his merchandise from the warehouse, and presents a problem from a standpoint of credit control.

The credit and collection function, and accounts receivable, being centralized in New York City, the main office, posed the difficulty of managing lines of credit and watching marginal accounts. As a consequence there were a great many unauthorized deliveries. Sales were made to new accounts and their credit qualifications investigated later.

Moreover, our sales representatives in the field, 100 brokers and 20 to 30 salesmen, had never been really indoctrinated to be credit-minded in soliciting orders. They were vague with respect to credit lines because these were seldom emphasized or made an issue.

We were faced with two related problems in conjunction with the review of credit lines. One was to educate the sales force to be credit-minded. The other was to exercise some control over shipments out of warehouses.

Full cooperation of the sales personnel was assured.

as they are well aware of the proverbial credit maxim that an unpaid sale is no sale at all.

In connection with the review of accounts, it was decided to add some brief and pertinent comments about each customer on the letter of authorization to the broker. In this way we hoped to educate our brokers and salesmen about their customers from a credit standpoint and to enable them to gain an insight into each customer's peculiarities.

The comments were mainly about volume of purchases, payment habits, and purchases in relation to the line of credit. Specific cases if the circumstances warranted were pointed up where lines could be increased. Most of the remarks were in the same vein. As a change of pace, and to avoid the dullness of cliches, in instances where limits materially exceeded purchases, the broker or salesman was given the "needle," twitting him about the disproportionate relationship. However, there was no hook in the needle that might be construed as derogatory.

Secondly, warehouses were given a list of approved customers to whom merchandise could be released without authorization from a salesman or broker. With respect to C. O. D. accounts, the warehouses were requested to sign a form letter, expressly designed for the purpose, to be returned to us. The signed form binds the warehouse regarding unsanctioned deliveries on open account to cash customers.

The success of the operation is evidenced by letters of appreciation from brokers, increases in sales, better service to customers on shipments from warehouses, tangible evidence of credit-mindedness of the sales department.

The credit department is now consulted on all prospective customers. Another attainment is better cooperation and communication between the two departments.

Management is so pleased with the results, that continuance of the operation, in regular cycles, is assured.

Eight-Step Procedure Sets System of Payment Terms

J. M. GALLAGHER
Credit Manager
Electronic Components Division
General Electric Company
Auburn, New York

THERE ARE, undoubtedly, many successful methods and procedures for preparing and presenting ideas to top management for acceptance.

The following is a procedure we have found to be effective in getting ideas accepted by management in our department:

1. Identify the problem.
2. Make a thorough research of all the facts and information available.
3. Analyze the data with particular emphasis on their accuracy.
4. Determine the possible alternative courses of action.
5. Compare and evaluate the advantages and disadvantages of each alternative course.
6. Decide which course to recommend.
7. Prepare a plan for putting the recommendations into effect.
8. Plan and make the presentation to management.

Here is an illustration of the utilization of this procedure in a recent recommendation to the management of our department:

While assisting our marketing section in a study of the methods of distribution used by our segment of the industry, we observed that there was a diverse pattern in the terms of payment being offered.

To assist us in determining what would be best for our business, we decided to make our own independent investigation of the facts in this area by obtaining as much information as possible from all available sources.

The information received was analyzed and compared, where possible, with data from other sources to verify its accuracy. Our analysis revealed that the lines of credit we were offering did not satisfy the best interests of our business objectives.

Our next step was to determine what alternative lines could be established, including rates of discount, the periods within which discounts are allowed, and the length of the various net terms.

In evaluating the advantages and disadvantages of each of the alternative payment terms, we considered such items as:

1. Possible reaction of our customers;
2. Degree to which the change in terms would affect our competitiveness;
3. Possible effect on sales volume;
4. Costs and savings involved;
5. Administrative problems which would be encountered.

After comparing and evaluating the various alternative terms, we established a modified set to be recommended to management for adoption. In addition, we prepared a plan for actuating the recommendations. This included a proposal for notifying the customers and a recommended date on which we felt it would be best to make the change.

We then proceeded to plan the presentation of our recommendations, together with the facts, to management. Our presentation consisted of a summary of the facts and our recommendations. We also included, as an attached report, a detailed analysis of the facts developed.

Our proposal was approved by management, and the new payment terms are currently in effect.

The first seven steps in the procedure outlined at the outset of this article are very important and should be taken before presenting any proposal to management for approval. Perhaps even more important is the eighth step, the content of the presentation to management. It should include the recommendations and the facts on which the recommendations are based. When these are present, we have found that the answer is obvious and that immediate favorable reaction is usually automatic.

DON'T TINKER WITH LEDGER EXPERIENCE!

Ethics Called Criterion on Plea for Special Payment Arrangement

DON'T TINKER with ledger experiences which, "above all else, form the basis for sound credit administration", when special payment concessions are sought by customers, credit management is advised by John W. Nuffort, regional credit manager, American Cyanamid Company, New York.

J. W. NUFFORT

"Reputable companies always refuse requested concessions when it is demanded that the account not be reported slow or past due", Mr. Nuffort explains. "Any other course would mislead inquirers and impair the integrity of ledger experiences. A customer who demands special payment privileges, even for a temporary period, must be prepared to accept the consequences. It is vital to the credit fraternity that ledger experiences show the true facts."

Though his many years in credit work and 11 years as instructor for the National Institute of Credit at Rutgers University have shown him that even such words as "salesman", "competitor" and "terms" have very different meanings to different persons, Mr. Nuffort points out that "there are common ideals which bind us together, particularly our emphasis on business ethics and fairness, and these qualities are especially needed in handling requests for special payment arrangements".

Addressing the New England Credit Conference, Mr. Nuffort classified such requests in five categories: (1) Those from customers who maintain a chronic or patterned slowness; (2) convenience requests to reduce the purchaser's work load; (3) hardship requests for temporary assistance in special circumstances encountered by marginal operators lacking sufficient working capital or ability to borrow; (4) internal requests from sales folk that may stem from accumulation of large inventories, and (5) requests which may be classified as demands for free working capital, involving no savings to the seller.

It is on the last-named group, in which the customer "wants to avoid the prime penalty of slowness—uncertainty about future releases of orders," that Mr. Nuffort concentrates his discussion.

In the 23 years since passage of the Robinson-Patman Act, he says, there never has been a test case involving terms of payment as the sole criterion, though the original draft of the law mentioned "terms of sale" as well as "price". Yet many companies have received legal opinions that terms of payment are an element of price and "it seems clear that discrimination in either terms or payment arrangements violates the spirit of the Act."

Obligations versus "Gimmicks"

He notes that some who feel strongly about their obligations (and like to get their money on time) have charged interest, whereas some take the calculated risk of using terms or payment arrangements "as a sales gimmick because there appears little likelihood that serious penalties will be incurred".

Emphasizing that all are "obligated to maintain a climate favorable to maximization of sales", he quotes from an article in CREDIT AND FINANCIAL MANAGEMENT (Sept. 1958, p.10), in which N. Gilbert Krause decried demands for favors and urged resistance, while frankly making concessions. Mr. Nuffort adds:

"It is easy to ignore competitive practices . . . if the competitor is weak. However, a serious problem is posed when strong competition, offering identical service and quality, develops a sympathetic ear to the various proposals by customers for special treatment.

"Some thoughtful credit executives have concluded that the commercial philosophy of each seller should be applied to his administration of terms. Is he willing to develop a reputation among customers as a bargainer or haggler? The individual customer will never be certain whether or not he has extracted the utmost in payment concessions when he deals with a supplier who has no firm policy. Is the supplier willing to be known throughout his industry as an instigator of trading practices which reduce profits for all? Historically, those most interested in maintaining high standards in industry practices have enjoyed the greatest success."

Mr. Nuffort cites situations and developments that stimulate requests for concessions, such as the tight money period, the recent recession, a means to offset a part of financing costs, the "talking up of terms" by some salesmen with or without the knowledge of their managements, publicizing of variations in terms by agency clearances, direct and group exchange of ledger experiences, and by the customer using one deal as a wedge with other suppliers. "It is highly irritating to prompt-paying customers to learn that some lightly financed competitors are receiving special assistance from mutual suppliers."

Then there are the appeals from purchasing agents, office managers or accountants without the knowledge of treasurers, customers' use of the salesman as the medium, and

(Concluded on page 32)

JOHN W. NUFFORT, for 11 years regional credit manager, 18 eastern states, American Cyanamid Company, New York, attended Upsala College and holds the Executive Award of NACM's Graduate School of Credit and Financial Management (Wisconsin and Dartmouth).

Mr. Nuffort was credit analyst in the Metals Division of National Credit Office, Inc., for 12 years and assistant general manager of Clinton Radio and Appliance Corporation, Newark, N. J., two years.

In Rutgers University's Extension Division he is an instructor in National Institute of Credit courses, coordinator of special public speaking and public relations programs, and coordinator of a seminar program, "The Development and Marketing of Drugs," published as an industry text.

MANAGEMENT AT WORK

.... a problem case is solved

By **JOHN E. DONOVAN**
Assistant Cashier
First American National Bank
Nashville, Tennessee

AN artisan sees the results of his work day by day, the farmer realizes the fruits of his labors at harvest time, but a credit executive less frequently has the opportunity to see a business reverse a downward trend and start its recovery. A sub-contractor customer of this bank is just now about to complete the cycle of decline and recovery.

This firm has been an account of ours for many years and has handled a reasonable volume of work which until recently produced comfortable profits. Its principals are experienced in their line, and from 1949 until 1953 borrowed temporarily to take their discounts and, in addition, maintained a very good account. The firm's financial statements from 1949 through 1952 showed no bank debt at year-end.

Expansion Drains Capital

Expansion of volume entered the picture in 1953, when an affiliated firm was formed to handle work out of the immediate trade area. In addition, in early 1954, a small apartment house was built. This drained some $75,000 of the firm's working capital. While a sizable volume of work was obtained in the new company, it lost money on several jobs and virtually broke even on its other work. To picture this situation and its effect, it is necessary to look at some comparative figures. In 1953, the net worth of the business was more than $220,000 and it owed only a little more than $25,000. At the end of 1957, the worth had decreased to only slightly more than $110,000 whereas almost $129,000 was owed.

Our loan experience changed from that of a short-term borrower taking discounts to a loan situation which now has not paid out for more than four years. The amount of our credit used increased from under $25,000 to more than $250,000. Peak indebtedness was reached in 1956 and debt to us could not be reduced below $100,000 that year. Contrast this with 1958, when it was first estimated the debt would be at more than $125,000 but it actually reached less than that figure, and the same was true of the low debt estimate.

The combination of factors producing this situation developed so rapidly that steps had to be taken quickly and correctly if a substantial loss was to be avoided. With the idea of helping our customer return to its very satisfactory relationship of a few years earlier, we decided to stay with the situation so long as management showed willingness to cooperate and make the necessary changes in its operation.

First, we took an assignment of several contracts already underway in the early part of 1956, as well as a mortgage on the apartment house, which for all practical purposes returned this amount of money to working capital. Then detailed job progress schedules were required to be submitted monthly. Perhaps this requirement to a large extent was the most effective prescription that could have been written, for it not only informed the bank of conditions from month to month, but very pointedly illustrated to the borrower's management its error in judgment.

At the same time, it was found that the borrower's financial records were not all that they should have been. On the bank's recommendation, a certified public accountant was hired to revamp the bookkeeping system and prepare periodic financial statements.

A dispute which had arisen on one of the out-of-town jobs required two years to settle. Our borrower claimed approximately $20,000 was due for work required but not provided for in the original contract with the general contractor. After lengthy negotiations, the amount was finally agreed upon and paid.

As a result of these steps, our debt has been reduced below $100,000 and at present is adequately secured. The account has respected the counseling it has received from its banker and on our recommendation has confined its activities to a reasonable volume of work inside its immediate trade area. Under normal circumstances it is not interested in bidding on work outside the area. The customer and the bank both anticipate complete liquidation of debt to us in 1959 and a return to a much improved account relationship, with credit again used for temporary needs only. During this period we advanced additional sums for working capital after seeing monthly job reports of receivables, costs, retainage and billings.

One of our young officers, who was assigned to work with this ac-

NATIVE of Nashville and graduate of Vanderbilt University, John E. Donovan served in branch office and credit and finance departments of the First American National Bank before being named assistant cashier two years ago.

The president of the Nashville Association of Credit Men is a director of the Junior Chamber of Commerce, formerly a member of the board of the American Institute of Banking, and is a member of Robert Morris Associates and the National Retail Credit Association.

count, has gained invaluable experience, we have salvaged a substantial employer for our community and have kept a customer whose account is again to be valued.

Management at work can truly accomplish positive results.

Uniform Legal Procedures Urged To Protect Lenders

The need for uniform legal procedures with respect to security devices for protection of lenders in the various states was stressed by a panel of members of Robert Morris Associates, in a discussion of "How Legal Factors Should Affect Our Loan Policy." Noting the confusion that arises when federal income tax laws collide with state laws, panelists quoted instances in which federal tax authorities were able to enforce their claims ahead of liens under state law, including mechanics' liens, thereby squeezing out banks and other creditors "because of the unfair priority status usually afforded the federal tax liens."

In their discussion, at the national credit conference of the American Bankers Association, in Chicago, panel members analyzed advantages obtained under a Uniform Commercial Code where security devices have been supplanted by one standard form known as the Security Agreement.

Lease equipment financing is seen to be increasing in volume, and banks were urged by the panelists to affirm that their customers in this area, whether lessor or lessee, have "consulted competent tax and legal counsel and have reached conclusions that leasing arrangements are to their distinct advantage."

Time and Demand Deposits Reflect Higher Farm Income

Substantial improvement in incomes of the nation's farmers, due to a record harvest and high prices for cattle, hogs, fruits and vegetables, is being reflected in increased volume of time and demand deposits at country banks, says the Federal Reserve Bank of Cleveland.

Time deposits at FRS country banks rose 17.5 per cent in 1958, contrasted with a 9 per cent gain for banks as a whole. Demand deposits were 7.5 per cent greater than in 1957, the largest annual gain since 1950.

Clause Inserted in Contract Permits Shipper To Select Law of Code or Non-Code State

By CARL B. EVERBERG
Business Law Department Head
Boston University
Boston, Massachusetts

CARL B. EVERBERG, contributing editor,* Credit and Financial Management, *is associate professor and head of the department of business law, Boston University. He is a member of the Bars of Massachusetts, Pennsylvania, Ohio and Illinois.

Mr. Everberg has just completed a book on forms to be used under the Uniform Commercial Code of Massachusetts. The volume is now in the hands of the publishers. His "Massachusetts Legal Business Forms Annotated", Volumes 15 and 16 of the Massachusetts Practice Series, was reviewed in CFM (May 1957 p. 26).

ANY complacence on the part of a seller in a state which has not adopted the Uniform Commercial Code that he need not familiarize himself with its requirements may be exploded when he learns additional "facts of life" about the infiltrating processes of the Code.

C. B. EVERBERG

The Uniform Code (§ 1-105) in effect requires that the law of the *forum* (the place of litigation, or the place where the remedy is sought) shall apply to commercial transactions that touch the state of the forum. Though the Pennsylvania Code and the Massachusetts Code differ in language (Kentucky's, also, for it adopted the draft which now is Massachusetts law), the effect is substantially the same.

Therefore, generally speaking, whenever a seller ships merchandise to a buyer in any Code state and litigation results from the transaction in the Code state, *the rights and duties of the parties will be adjudicated by the Code state.* Since the rights of sellers have undergone substantial trimming down under the Code—as compared with such rights under the Sales Act—the seller may, in ignorance of certain duties on his part, find that he is deprived of a remedy.

This applies currently to Pennsylvania, Massachusetts and Kentucky and will apply to any state adopting the Code in the future. A dozen states seem ready to adopt it.

Harry R. Levy, of the Pittsburgh Bar, points out this phenomenon in an article, "Current Developments on the Uniform Commercial Code", in the *Commercial Law Journal* (November, 1958). In the article he pictures a dress manufacturer in New York City shipping merchandise to a buyer in Pennsylvania in conformity with the order. The buyer then refuses to accept the goods and returns them to the seller, or, having accepted, he revokes the acceptance and returns the goods.

Under the Sales Act (the uniform law in New York) the seller has the great advantage, having the right to refuse to accept the goods and to proceed to sue the buyer for price. Under the Code the seller has the duty to take back the goods, resell them and minimize the damages.

The Code has taken away the seller's right under the Sales Act to sue for price on the basis that title has passed to the buyer. The right to sue for price, under the Code, is limited to those cases where resale of the goods is impracticable, except where the buyer has accepted the goods or where they have been destroyed after risk of loss has passed to the buyer. (See § 2-703 for an index to the various remedies of a seller.)

Controversies may arise as to whether a buyer has "accepted", but in general it takes place when the buyer signifies that he will take them or retain them in spite of the fact that they may be non-conforming. (§ 2-606).

In the main, the seller's remedy in such a case as Mr. Levy has set forth is *resale* (in accordance with the conditions set forth in the Code (§2-706, including notice, and carrying on the sale in a "commercially reasonable manner"), and establishing damages. As Mr. Levy says: "When the claim is placed, perhaps six months or a year later, with a commercial agency or with a commercial attorney for collection, the manufacturer and seller finds that he is not prepared to press his action for damages and is precluded from bringing action for the price of his goods".

Of course one might suggest different types of notice by the seller to the buyer on occurrence of wrongful rejection or revocation of acceptance (i.e. notice giving buyer opportunity to retract his repudiation, notice of cancellation of the contract which may crystallize all the remedies a seller has, notice of identification of other goods in seller's possession, notice to treat unfinished goods as subject to the resale, notice of private or public sale). But this means education of sellers, which may be a burden on sellers in a non-Code state.

The best solution is the following: Insert a clause in any contract of the sort discussed here to the effect that the validity, interpretation and effect of the contract shall be determined according to the laws of the State of ———. This is permissible under the Code. The parties have the right to select the law of either the Code state where the transaction touches or the non-Code state.

Some men pour anti-knock into their automobiles when they should be taking it themselves.
—N. A. Rombe

Moderate Increases This Year, Foreign Trade Council Predicts

Foreign trade and services of the United States will show moderate increases this year, says the balance-of-payments group of the National Foreign Trade Council.

Volume of exports exclusive of military aid will increase $800 millions to reach $17 billions compared with $16.2 billions in 1957.

Import volume will rise $900 millions to a record $13.8 billions. The 1957 total was $13 billions.

Outlay and receipts each totaling approximately $4 billions are predicted for transportation, travel, tourism and miscellaneous services.

Outflow of capital will rise but the increase, coming from greater private direct investment abroad, is expected to be offset by reduced borrowings, giving an outflow of $3.8 billions, similar to last year.

Estimated $27.6 billions available to foreign countries as a whole in 1959, exclusive of military aid, will exceed by $1 billion the dollar availabilities last year, largely the result of increased merchandise imports.

Slightly higher payments for services, with earnings from foreign investments in U. S., are expected to offset an anticipated decline of $200 millions in U. S. military expenditures abroad as a result of completed projects.

Greater trade liberalization in Western Europe and elsewhere would help U. S. exports, the group suggests. An export gain greater than estimated could result, the economists explain, from recent actions of Western European countries to increase convertibility of their currencies, plus intensified export sales efforts.

Tax Amendments Analyzed

Benefits of the 1958 amendment to the Internal Revenue Code, which permit certain corporations to elect to have their income and losses reported directly by their shareholders, are explained by Robert Anthoine, professor of law at Columbia University, in a monograph, "Corporate Tax Election to Pass Income and Loss to Shareholders", published by Practising Law Institute, 20 Vesey St., New York 7, N.Y.

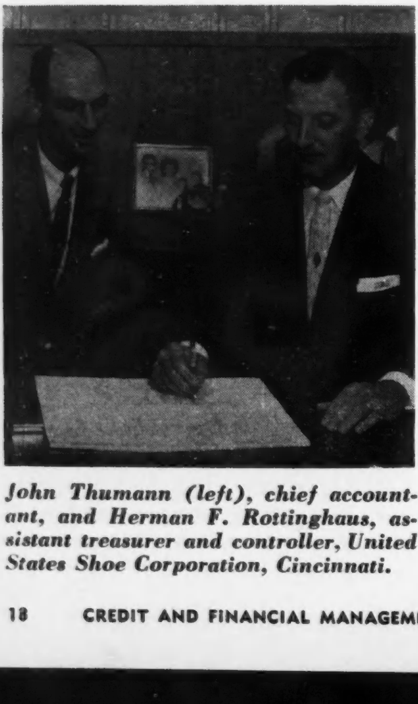
Billing at Point of Packaging Solves Problem of 10-Plant Manufacturer

AMERICAN women, it is estimated, buy some 315 million pairs of shoes annually, creating a business volume of some $2 billions. There are women who buy one pair of shoes per year, while for others several dozen pairs is the norm. The average woman purchases 4.47 pairs annually. Within the industry, competition is keen, profit margins are close, business is seasonal, and a multitude of sizes, colors and styles must be produced. Orders are received for one pair to many thousands of pairs from a single customer.

The resulting billing and accounts receivable work must be accurate, economical, and extremely rapid. At The United States Shoe Corporation, Cincinnati, a system that meets these requirements has been developed by Herman F. Rottinghaus, assistant treasurer and controller, and John Thumann, chief accountant.

BURROUGHS SENSIMATIC accounting machines streamline payroll and accounts receivable methods, boost office efficiency, demand less expenditure of energy. During heavy work periods, it is an easy matter to place more machines in use.

The United States Shoe Corporation, a leading manufacturer of single branded shoes for women, spreads out its ten plants within a 100-mile radius of the general office in Cincinnati, which combined produce up to 32,000 pairs a day. The Corporation was founded in 1931 but its predecessors have manufactured the "Red Cross Shoes" since 1891. In addition, the corporation and its subsidiaries manufacture "Joyce" casual and dress footwear, "Selby" arch preserver shoes, "Cobbies," and the more recent brand name—"Socialites."



John Thumann (left), chief accountant, and Herman F. Rottinghaus, assistant treasurer and controller, United States Shoe Corporation, Cincinnati.

Marketing is handled through more than 3,000 retailers in every sector.

Burroughs Machines Do Job

One of the foremost problems in this area that confronted the company, notes Mr. Rottinghaus, was the voluminous billing of small mail orders. These are orders for eight pairs or less, that must be filled and shipped immediately from stock, as they represent, in the majority, special orders placed by the retailers for the needs of individual customers.

The solution to this was to bill at the point of packaging.

Burroughs billing machines were placed beside a conveyor. As the cartons, previously stamped for proper postage, come down the conveyor line with the purchase order attached, the biller prepares the invoice and shipping label in one operation. The extensions and computations on the invoice are automatic.

As the operator completes each billing operation, she attaches the media to the carton and it goes on its way to the sealing department, where the original copy of the invoice is stuffed inside the carton, the label attached, carton sealed, and the remaining copies for accounts receivable posting and salesman are segregated. At the end of each day's billing, immediate control totals are established.

Postings and Payrolls

Burroughs Sensimatics are used for up-dating customers' ledger cards and statements. As postings are completed from invoices and cash remittance advices, the amounts stored in the machines for each of these categories are balanced with the control totals previously established by the billing department and cashier's department.

The flow of work and the entire procedure with the Burroughs equipment is fast, simple and flexible. During heavy work periods, it is an

***AS MERCHANDISE MOVES** on conveyor, United States Shoe Corporation billers prepare invoice and mailing label in one operation. All extensions and computations are automatic with Burroughs billing machines. Billers need only copy information from purchase order.*

easy matter to place more machines in use to handle and keep current the billing and posting of customers accounts.

Payroll is another area where the Burroughs equipment plays a most important part in stepping up efficiency. Sensimatics and Burroughs calculators are installed in each of the ten plants. The pay check, statement, earnings records and two copies of the payroll journal are prepared in a single operation. Up to 21 totals of pay amounts and deductions print on the combined forms. As a by-product of this operation, cost reports are prepared, monthly average rates of piece rate employees are easily obtainable, and other data are secured for payroll statistics. Payroll tax reports for city, state and federal requirements are prepared quarterly and annually with all computations being automatic. The ease with which the operators get along with the trouble-free machines is of prime importance in doing payroll work.

Reduction in posting time, errors and operator training returns more than 50 per cent annually on the cost of their equipment, assistant treasurer Rottinghaus estimates.

Adjustment of Alaska's Tax Setup a Legislator Headache

Adjustment of the tax structure of Alaska to the increased obligations as a state government will pose a big problem for the 60 members of the new state's legislature.

Most government operations under Territorial status were federally financed, Commerce Clearing House explains, and the legislature had to operate under many federal laws relating directly or indirectly to Alaska. The lawmakers now have wider latitude to enact tax and other legislation.

More than three-fourths of Alaska's total tax collections came from four sources: income 42 per cent; gasoline 15%; liquor 11%, and fisheries 9%, CCH found in preparing its new "Alaska State Tax Reports".

Under the Alaska income tax law the individual taxpayer pays to the Alaskan tax commissioner an amount equal to 14 per cent of the tax shown on his Federal income tax return on income from sources within Alaska, less certain deductions. Corporations are required to pay 18 per cent.

Alaska's motor fuel tax is 5 cents a gallon, but aviation gas is taxed at 3c, and there is a 2-cent assessment on each gallon of fishing craft motor fuel. Liquor is taxed at $3.50 a gallon, and license fees range from $100 on breweries, distilleries and bottling works up to a maximum $5,500 on wholesalers.

The Alaska fisheries tax, which brought in $2,200,000 in 1957, is levied on anyone owning salmon canneries, herring processing plants and crab and clam canneries.

An annual license fee, plus a gross receipts tax, is imposed on anyone engaged in any trade, profession or business. The tax on automobile licenses is $20; on cigarets, 5c a pack.

A school tax of $10 a year is paid by all residents between the ages of 21 and 60.

Municipalities, independent school districts and public utility districts are authorized to impose and collect taxes on real and personal property in their jurisdictions. In general, however, no incorporated city, town or municipality may levy any tax in excess of 3 per cent of the assessed valuation of property within the town in any one year.

Local governments in the larger communities, however, have had authority to impose, among others, the following taxes: poll taxes up to $5; sales taxes up to 3 per cent; and auto license taxes. Smaller communities have been authorized to collect most of these taxes at somewhat lower rates. School districts may impose a 2 per cent property tax.

More Retailers Adopting Electronics: NRMA Survey

Use of electronic data processing equipment in retail stores is increasing, particularly among smaller stores, according to a survey by the Retail Research Institute of the National Retail Merchants Association. The conclusion is based on comparison with a similar survey in 1956.

Results are published in the "Comparative Report of Data Processing Equipment in NRMA Member Stores" which contains specific descriptions of equipment now in use in stores, classified in six volume categories ranging from $1-$2 million to over $50 millions in annual sales. Covered are electronic punched card computers, tabulating installations, punch ticket installations and an analysis of stores which use service bureau processing. Stores' evaluations of their experiences with the equipment are given. Copies of the report are available at $3.50 each from National Retail Merchants Association, 100 West 31st Street, New York 1, N.Y.

The real test of a successful executive is his ability to deliberate with caution but act with decision, to yield with graciousness or oppose with firmness.

—Anonymous

Attracting and Holding Key Executive Talent

One Way Is Use of Insurance to Build Retirement Pay Fund

ONE OF THE most critical company problems of our time is attracting and holding top executive talent. Profits, especially in the present business climate, are produced by key men with highly developed managerial skills in whom a company may have invested hundreds of thousands of dollars. "To lose a good executive to a competitor for lack of sufficient financial incentive thus is a matter of acute concern to management," notes E. Gordon Rossiter, member of the "Life" planning team of Alexander & Alexander, Inc., national insurance brokers. The executive compensation technique suggested here was developed during the course of one of Mr. Rossiter's studies of corporate-employee-benefit problems for his company.

E. G. ROSSITER

Personal Tax Handicap

"Because personal tax rates make it extremely difficult for an executive to accumulate sufficient capital to finance his own retirement, contractual arrangements which defer a part of present income until after retirement have become very popular," Mr. Rossiter points out. "A recent survey of 1,087 companies listed on the New York Stock Exchange shows that 900 have some arrangement for deferred benefits, either for top management as a group or for designated executives.

"The deferred compensation, of course, escapes high-bracket taxation during the working period and becomes subject to tax at a time when the executive's income is usually lower.

"Thus the twofold problem of increased executive "take-home" pay and retirement security is eased, and the key man may feel much less interest in responding to a competitor's offer. Especially is this true if he feels that each year future benefits are being accumulated for his eventual use."

Deferred compensation takes a great many forms but in recent years the use of various kinds of insurance to build a fund for retirement pay has increased. There are at least four good reasons: (a) the absolute retirement security offered the executive as compared to, say, stock options, (b) flexibility of insurance arrangements which can be tailored for each company or each man, (c) tax savings for both company and executive offered by insurance, and (d) additional benefits to family or company in case of the executive's premature death.

Returns to Company

The advantages inherent in the use of insurance as deferred compensation can probably best be shown through this simple example cited by the life and group insurance planning specialist:

If a 50-year-old corporation executive making $50,000 a year in salary without outside income (and filing a joint return with his wife) were to be given a $10,000 raise he would pay about $6,500 of it in income taxes. He thus stands to gain $3,500 a year or a total of $52,500 during the next 15 years until he retires at 65.

Assuming that the corporation is in the 52 per cent corporate tax bracket, the net cost to the company for this raise is $4,800 a year.

Now, if this $4,800 is invested each year as premium on an endowment policy, payable to the corporation upon the executive's retirement, we have quite a different result. The income to the corporation from the endowment policy would permit it to pay the executive a pension of $18,750 a year for 10 years after he retired at no actual cost beyond the insurance premiums already paid.

This is possible because the endowment policy will return approximately $9,000 a year tax free to the corporation for 10 years after the executive reaches 65. Assuming that the corporation remains in the 52 per cent tax bracket, an $18,750 pension paid out of profits will actually cost only 48 per cent of $18,750, or about what the corporation will receive annually from the endowment policy (for 10 years).

AS SPECIALIST in life and group insurance planning for Alexander & Alexander, Inc., insurance brokers, E. Gordon Rossiter travels frequently from New York to the company's thirteen offices throughout the country to assist in detailed analyses of corporate employee-benefit problems.

Mr. Rossiter, a graduate of Lafayette College in 1938, has worked for Aetna Life Insurance Company and was an insurance adviser for the Navy for part of his active service during the war. He joined Alexander & Alexander in 1947.

Executive Benefits

"Clearly this is fine for the company, but what does it mean to the executive? The $18,750 pension would be subject to about $4,300 in United States income tax at the present rate, thus leaving $14,450 a year as a retirement income base. Social Security and any regular pension benefit extended to other employees would be extra income.

"In sum, the net effect of using insurance in this manner (and assuming that the company is in or near the maximum tax scale) is that the executive receives $144,500 in take-home pension income after retirement in place of $52,500 in take-home pay during his working years. The net cost to the company either way is $72,000 ($4,800 for 15 years).

"How does this work out if the company wants to give a $5,000 raise to an executive making $25,000? The $2,400 a year premium would buy an endowment policy returning $4,400 a year for 10 years after retirement. Thus the company could afford to pay a $9,100 pension to the executive, of which he would be able to

keep roughly $7,400 after U.S. taxes at current rates.

"His 10-year pension income from the pay raise thus would be $74,000 compared with about $2,900 a year he could keep from the $5,000 raise while he was working—a total of $43,500 for the 15 years. Net actual cost to the company either way would be $36,000."

Greater "take-home" income is not the only benefit from a program of this kind. The endowment policy for the $50,000-a-year man would have a face value of $63,300, returning this sum plus accumulated dividends if the executive should die before retirement. The company thus has Key Man insurance for itself in combination with a fund for supplemental retirement benefits for the employee.

If a further benefit for the executive is desired, of course, all or part of this Key Man death claim can be assigned by advance agreement to the executive's widow or other survivors.

When Wife Is Beneficiary

One note of caution is essential. The basic purpose of this insurance, points out Mr. Rossiter, is to fund the corporation's liability in connection with an employment contract arranged between company and executive. The insurance should be applied for by the employer, and the company should be the sole beneficiary. If an attempt is made to designate the executive's wife as direct beneficiary under the policy, or if the proceeds are made payable to a trustee to be held for the benefit of the insured's family, the premiums paid by the employer would likely be taxed in the current year as additional compensation to the insured.

For similar reasons ownership of the insurance policy should remain vested in the employer even after the executive reaches retirement age.

"This, of course, is only one of many ways in which insurance can be used to finance executive retirement. If the company has sufficient resources, for example, it may find it even more advantageous to pay executive pensions out of profits and hold an Ordinary Life or paid-up life insurance policy on the executive until the employee dies.

"The entire face amount of the insurance thus would be returned to the company tax-free. If a paid-up-at-65 life policy is chosen for the

(*Concluded on page 26*)

Legal Rulings and Opinions

Equipment Bought, Not Used

A taxpayer purchased a complete radio broadcasting setup in Mexico, to bring to the United States for use. The Mexican government barred shipment of one item, a diesel generator. The taxpayer sold it and claimed an ordinary loss tax deduction on the ground that the generator was depreciable property. The Tax Court upheld his argument since the equipment was acquired with the intention of such use. (*Alama Broadcasting Co.*, 15 TC 534).

In another case, however, where there was no buyer for the equipment, the taxpayer won on the issue that it was not depreciable property used in the business. A boat had been bought to be chartered out but the Coast Guard license could not be obtained. While the taxpayer did not get an ordinary loss deduction, the Tax Court held that the boat was a capital asset, not inventory. *Nulex, Inc.*, 30 TC No. 75.

Gift of Work of Art

An individual owner of a work of art is entitled to a deduction for a gift to charity if he transfers present title to a qualifying organization under Section 170 (c), by delivery of a formally executed and acknowledged deed of gift. The deduction holds even if he reserves to himself the right of possession during his lifetime and transfers only a remainder interest passing at his death. The deduction is limited to fair market value of the remainder interest. If he contributes an undivided present interest which entitles the charitable organization to possession of the work of art for a period of the year, the market value of such undivided present interest is deductible.

People are lonely because they build walls instead of bridges.
—Anonymous

Reimbursed Moving Expenses

A taxpayer accepted a job which necessitated moving from Kentucky to New Mexico and was reimbursed the actual amount of his moving expenses. The United States district court in New Mexico held that the reimbursement was not taxable income in that neither employer nor employee intended the payment as compensation. The court ruled that the taxpayer had no gain, as the amount covered only exact expense and was solely for convenience.

Furthermore, said the court, if it was technically income that fact was offset by the actual expense incurred and that was deductible. The ruling was at odds with the Tax Commissioner's traditional standing that such moving expenses represent nondeductible personal expenses to the employee.

The New Mexico court did not cite authority for its conclusions.

Decline in Value

For 20 years a bank had been using the basement of its building for storage of records and for the heating plant. A flood inundated the basement and destroyed the records but did not permanently damage the building. Fearing another flood, the bank ceased using the basement for records storage and deducted a casualty loss representing estimated decline in building value due to limited use.

The Tax Court held no casualty loss had been established by mere non-use.

Liens in Insolvency

The United States was not entitled to have its debt for taxes first satisfied out of the proceeds of the sale of the assets of an insolvent taxpayer corporation ahead of the tax lien claims of the City of Dallas and the mortgage lien claims of the banks, the U.S. court of appeals, Fifth Circuit (Texas), ruled in reversing its district court.

The bank had recorded its mortgages Nov. 25, 1953, and June 30, 1954; the City of Dallas had assessed its personal property taxes Sept. 12, 1955; the United States levied its excise taxes Aug. 15, 1956, and filed its notice of tax lien Oct. 15, 1956. *Exchange Bank & Trust Co. v. Tubbs Manufacturing Co.*, 246 F. 2d 141 (1957).

Business prophets tell you what is going to happen, but profits tell you what did happen.
—N. A. Rombe

Prepaid Insurance Deduction

The court of appeals, Eighth Circuit, reversed the Tax Court and held for the taxpayer on the ground that an insurance premium is a business expense and not a capital asset (Waldheim Realty & Investment Co. V. Commissioner, C C A. 1957).

The taxpayer corporation kept its books and filed its tax returns on a cash basis, consistently deducting the full amount of insurance premiums in the year paid, even where the premiums represented several years of coverage.

The Tax Court supported the Commissioner's view that prepaid fire insurance represents a capital asset, its cost to be prorated over the life of the policy. The court of appeals found no valid reason for requiring an inconsistent method of accounting which was neither cash nor accrual.

Accord and Satisfaction

There was accord and satisfaction, the supreme judicial court in Maine ruled, when owners gave the builder of a dwelling house a check bearing the words "By indorsement this check is accepted in full payment of the following account", "Final", and "If incorrect please return. No other receipt necessary", and the builder's indorsement appeared on the check and the check was marked paid.

The court stated it was not concerned with whether the claim was disputed or not, because the Maine statute was applicable. It held that the referee had erred in his finding on the basis that the payee of the check was unaware that it was in final settlement. *Larsen v. Zimmerman*, 135 A. 2d 270 (1957).

Living Up to Statement of Principles Begins With Gathering Credit Experience of Others

RESPONSIBILITY of everyone participating in building a credit file to live up to each rule embodied in the "Statement of Principles in the Exchange of Credit Information between Banks and Mercantile Concerns," begins with the gathering of the credit experiences of others with the subject company, says Ralph T. Willard, executive vice president of Union Bank and Trust Co., Grand Rapids, Mich.


R. T. WILLARD

Mr. Willard, chairman of the credit ethics and practices committee of the Robert Morris Associates, points out that observing the seven Principles embodied in the Statement, adopted jointly by the Associates and the National Association of Credit Management, is equally important whether a mercantile company is seeking information from a bank or from another concern.

Protecting Confidence

"The first and cardinal Principle," says the Statement, "is absolute respect for the *confidential* nature of inquiries and replies, and of the identities of inquirers and sources."

Mr. Willard emphasizes to credit executives that the one giving the information does so as a matter of courtesy and expects that it will be treated with the utmost secrecy. "We then must make up our mind whether we will accept or turn down the credit request, and so we must be prepared to stand on our own judgment. In so doing we cannot betray the confidence placed in us by our friendly informer.

"If we turn down the credit risk we must do so on our own carefully arrived-at conclusions, and we cannot lay the blame on someone's statement to us or divulge the source of our information in any way," unless he grants permission.

Too, "we must always be aware that unfavorable information has to be handled in a most cautious manner," because of the possibility of a lawsuit for either omitting vital information or "making derogatory statements that cannot always be proved."

Fully identifying the subject of inquiry by name and address is vital, the bank official says, to avoid unnecessary work.

"All of us have received unsigned requests for information. This thoughtlessness I believe disturbs more creditmen than any other infraction of our Code of Ethics. Always sign information requests. It pays dividends to do so. If you do not, the information you receive will be about as complete as your unsigned inquiry. Answers should also be signed. It is an act of courtesy to sign your name."

Mutual Service

Of the third Principle Mr. Willard has this advice:

"When making an inquiry, one should think first and say to himself, 'How much detailed information do I need to know?' Then cover those points in your request. It is felt advisable to always state the amount of credit involved, terms expected in paying the account, promises made to you, if any, and other background information. Be sure to give your informant all the data you have about the party, such as your ledger experiences, so that he will be able to complete his file at the same time he is giving you information to complete *your* credit file."

Multiple Inquiries

In cases of multiple inquiries to banks, "be sure you tell each of the banks that a similar inquiry is being made of another bank, so that each bank will not spend time investigating for you only to find that a neighboring institute is duplicating its effort."

If the inquiry is addressed to only one bank, inform the latter so that it will investigate in the knowledge it is helping, not duplicating efforts of others, he adds. "If you have your bank make the inquiry, give it the name of the bank used by the company under inquiry. This will often save considerable time and expense.

"File revisions should be undertaken only when necessary, and such inquiries should contain an expression of experience if appropriate," the fourth Principle reads. Mr. Willard suggests this: "If there are good reasons to bring files up to date, by all means do so, but remember you are asking favors of others, and be sure to tell them of *your* experiences so that they will not have to write you for the same kind of information you are seeking. Always try to be mutually helpful and stop unnecessary correspondence wherever possible."

Inquiries for Third Parties

Principle number five: "When inquiries are made on behalf of third parties it should be clearly stated, but the identity of the other party must not be disclosed without permission." Mr. Willard notes that the banker does not hesitate to assist

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***JOINING** Union Bank and Trust Company of Michigan, Grand Rapids, as cashier in 1927 after four years as a bank examiner for the Michigan State Banking Department, Ralph T. Willard was promoted to executive vice president and cashier in 1934 and to the board of directors in 1950.*

Mr. Willard is a national director of the Robert Morris Associates, chairman of the credit ethics and practices committee, was president of the Michigan chapter in 1953-54, then chairman. In the National Office Management Association he was variously treasurer, vice president and director of the Michigan chapter and received the Merit Award Key in 1950.

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his client if he believes the request is fair, but he must make certain that it is a legitimate credit request and not for competitive purposes.

"Occasionally we have been used to seek out confidential information about a competitor of our client, and this is not always easily suspected until too late. We should all be on the alert for requests for unusual information that does not appear to be required for passing on credit for the purchase of goods. We never should knowingly be a party to an unethical practice like this.

"We must be sure not to divulge for whom the information is being obtained, although we do state that the information is being sought for a third party."

Prompt Replies Important

"Replies should be prompt," the sixth Principle states. "If written, they should be manually and responsibly signed, and as complete as possible, consistent, however, with the amount and nature of the inquiry. Specific questions should be answered if practicable."

One can assume, the banker says, that the information requested is wanted for early reference, and the answer should be forthcoming promptly. "Not only is it courteous to do so, but it shows one is a reliable businessman and can be depended upon to help when assistance is needed."

Incomplete Replies Under Fire

Mr. Willard, addressing members of the NACM Western Michigan Unit, Grand Rapids, cited the considerable criticism of lack of complete and informative replies.

"Some people try to do as little investigating as possible. If one would ask himself, 'What information should I want under similar circumstances?' then the letter of reply would be quite adequate." Failure to sign letters of inquiry and replies heads the list of criticisms, he reported. The inquirer "expects the reply will be by a person, not a robot. Always be courteous and sign." Too, "Be sure that specific questions are answered. If one does not know the answers one should say so."

"If confidential nature of relationship with subject prevents disclosure of desired information, answers should so state." Of this seventh and final Principle Mr. Willard declared that the creditman is duty-bound not to break the trust placed in him when the subject in question has requested that no information be given anyone regarding himself or his company. The inquirer should be advised that the information was obtained in confidence and cannot be disclosed. "This will enable the party to search elsewhere and not lose time because of a misleading reply or no reply at all."

"We all must continually be on the alert," the banker concluded, "to see that we live up to the seven Principles and to see that all members of our credit departments religiously follow these rules."

ROSSITER

(Concluded from page 21)

executive and the insurance is of a participating type, dividends received would also be tax-free and could be used after the executive's retirement to reduce the pension payout from company profits, thus adding an increased element of stability and easing the company's financial commitment.

"It is, of course, the role of the insurance broker or agent to make a total study of the company's needs and present a balanced picture of executive compensation possibilities. The program for a company with a large group of young executives under 45, for example, would be quite different from one in which the bulk of the key men were near 60. The type of compensation plan as well as the amount would also vary greatly according to the company's financial structure.

"Deferred compensation is a dynamic field in which much creative thinking by specialists is being done, and new plans or interesting variations of old plans are being adopted each week," Mr. Rossiter notes. "Since the nation's business is now entering a critical era and since no major change in our tax system which might upset present Treasury rulings seems likely for some time, top management is taking increasing interest in these compensation plans as a means of safeguarding its key executive talent."

Often the fellow with money to burn lives to rake the ashes.

—Anonymous

Wage Inflation Hits Workers Three Ways, Says Educator

Wage inflation adversely affects workers by taking its toll in rising prices, lower profit margins and unemployment, Dr. Jules Bachman, professor of economics, New York University, told members of the American Statistical Association at their annual meeting in Chicago.

"While workers may escape part of the ravages of wage inflation," he said, "they cannot escape them entirely. Higher prices cut the purchasing power of all wages and benefits received under security programs. Reduced profits adversely affect the incentive to invest in new plant and equipment."

At another meeting in Chicago, that of the American Economic Association, Dr. Gardner Ackley, chairman, department of economics, University of Michigan, blamed both administered wages and prices for inflation. He called monetary and fiscal policy of limited value in fighting inflation.

Reexamine Foundations of Business Income: G. O. May

New patterns of accounting analysis and presentation of periodic income of business corporations, particularly of those whose common stocks are actively traded, are needed to lay open to "coordinated experience" hitherto ignored or casually dismissed details, according to George O. May. The accountancy authority sees the formulation of a conception of periodic income as "not an accounting task, though accounting should have a large part."

"A disharmony which now exists in the accounting treatment of physical capital assets and inventories should be eliminated," said Mr. May in lectures at Columbia University. "The lapse of time between the incurring of costs and their recovery through revenue, is today an important element in income determination, which is ignored in the accounting concept of income, though given full recognition in the economic concept."

Trends

in commerce

in industry

in finance

Inflation Entrenched?

BUSINESS, rather than credit policies of the Federal Reserve and credit management policies of the Treasury Department, must produce the countermeasures to offset another inflationary push, according to William H. Moore, chairman of Bankers Trust Company, New York. The mainsprings of the threat are seen in the wage-cost-price spiral and the budget deficit.

"We have the unquestioned wealth of natural and industrial resources to keep the dollar sound" and "public awareness of inflation is spreading", but "we as a people have been demanding more goods and services of our people than we have been willing to pay for by way of taxes."

Transportation Secretary?

WHAT this country needs is not a five-cent seegar but a national secretary of transportation of Presidential cabinet status, a single transportation regulatory authority, in the opinion of W. A. Patterson, president of United Air Lines.

Not a political appointee, such authority should have as sole interest the "welfare of the nation and its carriers," the Transport Association of America was told, in Chicago.

Common Market Impact

DIRECT EXPORTS from the United States to Europe the next decade will drop 10 to 20 per cent, yet the Common Market countries (France, Belgium, West Germany, Italy, Luxembourg and the Netherlands) place before our Midwest a sales territory comparable to the United States in size and potential, says George Donat, director of overseas marketing, Parke, Davis & Company.

Products of the Great Lakes states "are virtually identical in kind to those manufactured and sold abroad by Europe," the Industrial Development Council was told. But for U. S. managerial skill and technological advantage, the effects on our employment and income "might be drastic."

The Rule of the Market

SOONER OR LATER the rule of the market must be recognized in respect to interest rates on insured and guaranteed mortgages as it is in respect to rates on government obligations and all other types of securities, says Louis B. Lundborg, vice president, Bank of America NT&SA and president of the savings and mortgage division of the American Bankers Association.

"Why the fixed-rate nightmare is found only on mortgages and no place else in the investment world is impossible to understand", Mr. Lundborg told the ABA's national credit conference, in Chicago.

A Moving Spectacle

THERE will be 41.4 million persons on the move — long-distance moving that is — in 1960 (20 per cent more than in 1958) and the bill will exceed $1.32 billions, predicts James C. Connell, general manager of Atlas Van-Lines Inc. That's the prospect as babies born at the time of World War II come of age in 1960-65.

Most of the new business, however, will result from plant expansions and relocations necessitated by the increased population, he says.

Bankers Smarter But— One-Man Holdups Grow

Lone robbers now account for 70 per cent of bank holdups and it behooves bankers to outsmart them in effort, planning and training, says a writer in the Protective Bulletin, published by the American Bankers Association's insurance and protective department.

Quick thinking by tellers trained against the element of surprise and the psychology of fear, is the answer, and it's up to the management to indoctrinate them, bankers are advised.

It's All "Selling"

THE MEANS a businessman uses to make a customer vote "yes" by buying his product "is nothing more than another term for plain old salesmanship: 'politicking' ", says Clarence O. Hamilton, executive vice president of Hamilton Cosco, Inc., Columbus, Ind.

Businessmen are urged to "become interested in politics beyond the edge of your newspaper and the flap of your wallet."

Question: Extent of Rise

SOME INCREASE is expected this year in business spending for new plants and equipment, a moderate firming of buying plans for "big-ticket" durables is indicated by consumer polls, and the home building outlook continues strong, but the extent of total rise, particularly in the Midwest, depends on decisions still being formulated, say economists of the Federal Reserve Bank of Chicago.

On to Greater Volume

1959 will better the $11.6 billion record volume of business financing by commercial finance and factoring companies, says Theodore Silbert, president, Standard Financial Corporation. He predicts $12.5 billions for this year.

Ernest A. Rovelstad

ON THE

Personal Side

E. F. Kane, vice president and secretary, American Credit Indemnity Company of New York, has been named a director of the company, which has its executive offices in Baltimore, Md. Mr. Kane, a member of the company's underwriting committee and in charge of its credit department, began with ACI in 1927.

Earl A. Matheney has been named controller and treasurer, Jenkins Music Company, Kansas City, Mo. He began with the company in 1949, advanced to controller in 1950, and added the duties of secretary two years later. Mr. Matheney first went with Arthur Young & Company upon release from active military service in 1945 and for two years was with Bubble-Lite Div., Noma Electric Corporation, as controller. He is past president of Kansas City Control, Controllers Institute of America; Kansas City Chapter, National Association of Accountants and Kansas City Tax Club.

James H. Collins stepped out after nearly 20 years as manager of credit and collections at Friden Inc., San Leandro, Calif., and David H. Taylor has assumed the responsibilities of that post. Now 68, Mr. Collins began with the company in 1939.

J. H. COLLINS D. H. TAYLOR

Mr. Taylor, a graduate of St. Mary's College (B.S. in economics and business administration), began with Friden in 1943 as accountant, following eight years with Bank of America, in the tax research department. He holds the Associate and Fellow Awards, National Institute of Credit, and is vice president Oakland Chapter, National Office Management Association.

Carl Ullman has been appointed general credit manager, American Radiator & Standard Sanitary Corporation, plumbing, heating and air conditioning division, Pittsburgh. At the same time, Charles Bogus was named credit manager of the division.

Walter A. Smith has been appointed vice president, Formica Corporation, subsidiary of American Cyanamid Company, Cincinnati. He will serve as assistant general manager to D. J. O'Conor, Jr., president and general manager of Formica. Mr. Smith went with Formica in 1954, from Crosley and Bendix Home Appliances Div., Avco Manufacturing Corporation, of which he had been controller.

In promotions at James Talcott, Inc., New York, N.Y., Francis Moscrop, a vice president since 1955, was named financial vice president. He retains his responsibilities as controller. Advanced from assistant vice presidents were Edward J. Fitzgerald to vice president in charge of new business development, and Raymond V. Keller to vice president, commercial finance division.

Matthew C. Spinner, appointed assistant vice president in the new business development department of the factoring division, continues as vice president of Hamilton Factors Corporation, a wholly owned subsidiary.

E. A. MATHENEY

E. F. KANE

W. A. SMITH

FRANCIS MOSCROP

S. Lawrence Goldstein, CPA, has been made a general partner of Jones & Company, commercial finance company, New York, N. Y. He joined Jones & Company in 1941.

Mr. Goldstein is the moderator of courses in commercial financing operations and techniques conducted at The Institute of Commercial Financing, educational arm of the National Commercial Finance Conference, Inc.

David C. Terrell has been named credit manager, Shaw Brothers Oil Company, div. of Pure Oil Company, Miami. He went with the company in August '58 following three years with Horne-Wilson Inc. as branch credit manager, first in Atlanta, then Miami. Mr. Terrell earlier had been with Atlantic Steel Company, Atlanta, working under Paul W. Miller, past president, NACM.

Mr. Terrell holds the Executive Award, NACM Graduate School of Credit and Financial Management, Dartmouth. In 1957 he was general chairman Industry Meetings committee for the 61st Credit Congress, in Miami. He is past president, NACM South Florida Unit, Miami.

J. M. Dixon has been advanced from assistant treasurer to treasurer of Furnas Electric Company, Batavia, Ill. He has additionally been named a director. He began in 1938 as purchasing agent.

Dale W. Gilmore now is credit manager, Petroleum Solvents Company, Butler, Pa.

At Standard Oil Company (Indiana) southeastern regional headquarters in Indianapolis, Leslie C. Post has been advanced from assistant credit manager to manager of the department, to succeed A. M. Johnston, who has become credit manager of Standard's eastern region at Detroit. At the same time, Donald L. Badders has moved up to assistant credit manager at Indianapolis.

Formerly with Standard Oil at St. Louis and South Bend, Mr. Post began with the company 11 years ago. He is a member of the credit committee, Marion County Fuel Credit Exchange, and the district advisory council, Associated Credit Bureaus of America. Mr. Badders was assigned to Indianapolis in 1957 after six years at South Bend.

John C. C. Byrne, controller since 1957, has been appointed vice president-finance, Robertshaw-Fulton Controls Company, Richmond, Va. For twelve years previous he had been assistant controller of the company's Grayson controls division, Long Beach, Calif.

Milton E. Case, assistant controller, has been named to succeed Mr. Byrne as controller.

In appointments at Lincoln National Bank & Trust Company of Syracuse, N.Y., Peter J. Allen has been named manager of the credit department and Howard Stanard has been promoted from assistant cashier to assistant vice president.

Mr. Stanard, with the bank since 1935, is vice president of the Syracuse Association of Credit Men, a member of the American Institute of Banking and instructor of its course on credit administration. In the Robert Morris Associates he is a member of the local committee on Cooperation with Public Accountants and the national committee on Development of Bank Loan and Credit Men.

Mr. Allen earlier had been with Chase Manhattan Bank, New York City, for five years.

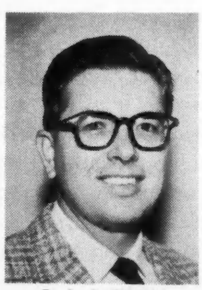
Carl G. Rebele has been appointed district credit manager, Gulf Oil Corporation, Pittsburgh, to succeed Wendell G. Byers, retired. Mr. Byers for several years served as chairman of the petroleum division and on various committees of The Credit Association of Western Pennsylvania.

William H. Massey, credit manager since 1954 of Wallace Hardware Company, Inc., Morristown, Tenn., has been named vice president. He continues the duties of credit and collection management and supervision of the accounts payable and payroll departments. Mr. Massey for 15 years was a member of Wallace Hardware's sales staff before becoming credit manager. He is a member of the Knoxville Wholesale Credit Association.

Allen H. Joyce, former west coast accounting manager, Fairchild Controls Corporation, div. of Fairchild Camera & Instrument Corporation, Syosset, N.Y., has been named assistant treasurer of Fairchild Semiconductor Corporation, Palo Alto, Calif., also affiliated with Fairchild Camera.

Edward B. Helcher, former assistant credit manager, has been promoted to credit manager, Emery Industries, Inc., Cincinnati. He succeeds Clifford G. McGilliard, who has retired after 29 years as credit manager of the company. Mr. Helcher engaged in co-op work at Emery while studying business administration at the University of Cincinnati and upon graduation in 1954 he was appointed Emery's assistant credit manager. He is a member of the Foreign Credit Interchange Bureau, NACM.


L. C. POST


D. L. BADDERS


J. C. C. BYRNE


M. E. CASE


E. B. HELCHER


W. H. MASSEY

Murray S. Gelber has become treasurer and director of finance, Hughes Aircraft Company, Culver City, Calif. Mr. Gelber formerly was vice president and manager, AiResearch Manufacturing Company of Arizona, at Phoenix, a division of Garrett Corporation of which he was secretary and a director.

Mortimer A. Fischer has been appointed controller, A. C. Horn Companies, divisions and subsidiaries of Sun Chemical Corporation, New York, N.Y. He also serves as assistant to J. E. Spector, vice president of Sun Chemical and general manager of its paints and finishes group. Mr. Fischer holds the B.A. in business administration of Tufts University (1939), the M.A. of Columbia University (1940), and is a graduate of New York University school of engineering.

P. Henry Mueller has been advanced from assistant vice president to vice president, The First National City Bank of New York. Mr. Mueller, an alumnus of the NACM Graduate School of Credit and Financial Management, Dartmouth, was recipient of the Alumni Association Honor Merit Award on his graduation in 1958.

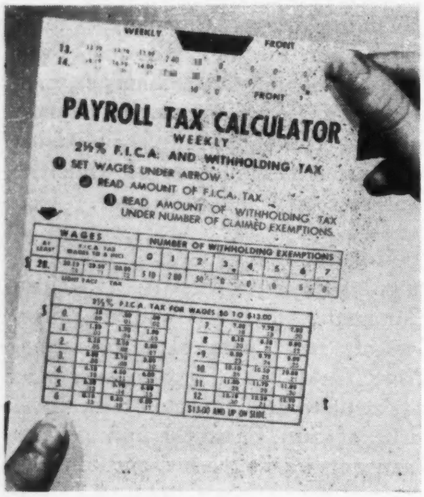
At Tillotson Manufacturing Company, Toledo, J. Harold Bones, a director, has been named executive vice president and treasurer. Formerly treasurer, Mr. Bones began with the company in 1922. He is past president Toledo chapter, National Association of Accountants, and member of the Credit Association of Northwestern Ohio, Toledo.

Richard L. Seidelmann, who began with Lyon Metal Products, Inc., Aurora, Ill., in 1940 in the financial division, has been promoted to auditor of the company. He retains supervision of the auditing and tabulating departments.

Modernizing the Office

New Equipment to Speed Production and Reduce Costs

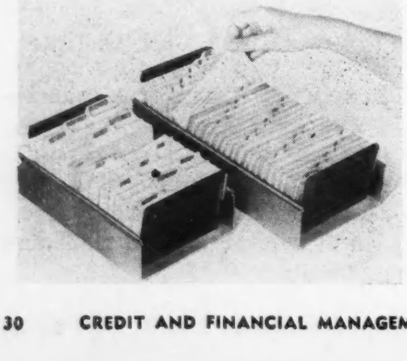
Payroll Tax Calculator



561 MORTON'S Payroll Tax Calculator answers problem of figuring payroll tax deductions accurately and quickly, for any size business. Set up to comply with current 2½ per cent F.I.C.A. in addition to determining withholding tax, the vinyl plastic device of Paul S. Morton Engineering Service operates like a slide rule but reads direct like a table, from one setting of the slide. Device is available in Weekly and Semi-Monthly models. Size 4½ x 10".

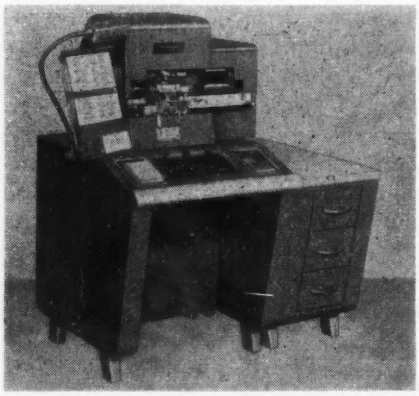
Card Caddy

562 Speed and ease of reference to 3"x5" card records is supplied by lightweight ALUMINUM CARD CADDY of The Hahn Company, which conveniently fits length and width-wise in desk drawers. Eliminated are handling of heavy files, the need for lifting lids or pulling out unwieldy drawers. Unit is adjustable for few or many cards and to hold place. Caddy is available in five lengths: 6", 9", 12", 18" and 24". All are 5$^{11}/_{16}$" wide by 2¼" high.



Advanced Graphotype

563 To provide faster and more economical method of producing embossed Addressograph metal plates or plastic credit and identification cards, the streamlined GRAPHOTYPE CLASS 6400 of Addressograph-Multigraph Corporation incorporates features such as automatic plate positioning, automatic line and character indicator, quick-change line and character spacing controls. Carriage release key, electric shift and back space key, key for automatic tabulation reduce operator fatigue. Fluorescent lamp illumination and convenient work receptacles are other features. Unit is available for all styles of Addressograph plates and cards.



This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Please address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.

Interlocking Roll File

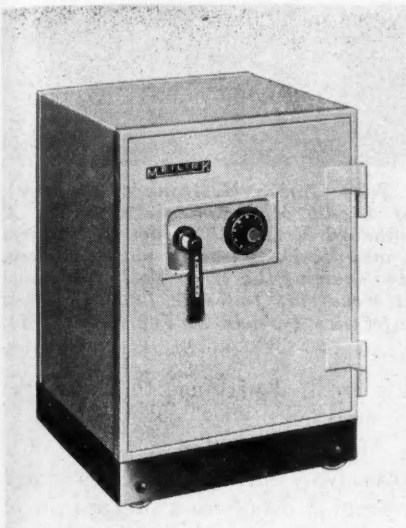
564 Individual 2½-inch square containers dovetail together to form any size or shape stack required, each compartment heavily insulated from the other. These are features of unique Hamilton PACK INTERLOCK FILING SYSTEM for filing engineering roll tracings, other documents. Inner tubular receptacles accommodate drawings up to 2¼ in. diameter and are available in six lengths, from 22 to 54 inches. Files can be added one or more units at a time. Large stick-on labels in six colors provide unlimited combinations for indexing.

Executive's Daily Record

565 Compact DAY-TIMER Record Book for executive use streamlines recordkeeping procedures, provides permanent record of daily and hourly activity, especially useful for those who require record of billings on basis of time and service. Appointments, matters to be attended to, matters handled, followups, may

be entered in orderly fashion. Filler pages are printed on opaque paper, come with heavy duty deluxe 7-ring durable composition leather binder. Use may be started any time of year, notes maker, Day-Timers.

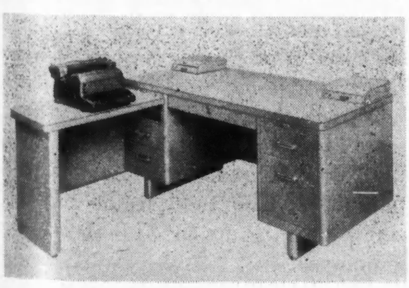
Safe for Home or Office



566 New fire-insulated safe of MEILINK STEEL SAFE COMPANY is extremely useful for safeguarding vital records in the office or home. Model 2UB is 24″ high, 18″ deep; its companion Model IX is 20″ high, 15″ deep. Both carry UL and SMNA labels certifying they have been tested to withstand fire up to 1700 deg. F. for one hour without damage to contents. They also carry UL burglary relocking device label guaranteeing a 10 per cent rate reduction in burglary insurance. Choice of four colors.

Typewriter-at-Hand

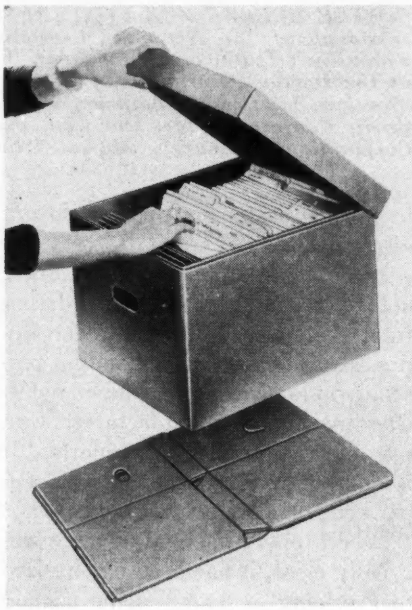
567 Auxiliary Typewriter Stand of THE GLOBE-WERNICKE COMPANY makes it possible to convert executives' Streamliner flattop metal desk to permanent or temporary typing use in minutes. Forming an L-shaped desk arrangement, metal stand gives 561 sq.in. of additional working area, leaves desktop free. Stand may



be easily, quickly removed. Practical for secretaries too, the stand gives extra drawer space plus a storage compartment usually occupied by the typewriter platform. G-W stand comes in seal gray, copper tan, sea green.

Records Storage

568 Features of MIRACLE-FILE of The Paige Company for semiactive or inactive office records include automatic folding action, light weight, handholes for carrying ease.



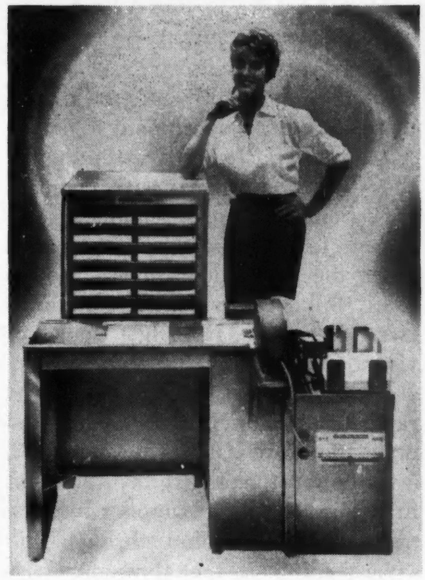
Miracle-Files come packed flat, pop open for immediate use without stitching, stapling, gummed paper; can be reflattened and reused many times over, says maker. Of heavy-duty corrugated, they are strong enough to be stacked to the ceiling when full without using shelving. Telescoping covers keep contents dust free. Special office size enables filing of either standard or legal size papers.

Price-Support Holdings of Farm Crops Again Soaring

BECAUSE large quantities of 1958 crops were placed under support agreements, though the level of price supports for most farm commodities was moderately below that of previous years, the price-support holdings of farm crops again are mounting rapidly, says the Federal Reserve Bank of Cleveland.

The problem now confronting agriculture, the researchers add, is how to resolve the burdensome stockpiling of food grains and feed grains without creating an over-abundance of livestock products.

Gathers, Staples, Stacks



569 New high-speed COLLAMATIC unit automatically collates, staples and stacks papers, effecting significant timesaving over normally nonmechanically combined operations. Collating speeds of Collator-Stapler-Stacker unit are to 12,000 sheets an hour; output of stapled sheets 8,000 per hour, or twice as fast as collators which require operator to staple-position and stack collated set, reports manufacturer, Collamatic Corporation. Choice of single or double-headed stapler; of 8, 10, 12, 14, 16 or 20 bins. Flexible base unit can be modified to take paper sizes from $5\frac{1}{2}$x$8\frac{1}{2}$″ to 10x14″.

$140 Billion Expansion Outlay By Petroleum Industry Urged

THE PETROLEUM industry must spend $140 billions on expansion between now and 1967 if the free world is to meet the increased demands for energy, according to a survey by The Chase Manhattan Bank. That's almost twice the outlay in the past decade, but energy use by 1967 will approximate 51 per cent more than in 1957.

Natural gas is the dilemma. Discovered and produced by the petroleum industry, when it is channeled into the energy market it displaces the oil fuel which returns much more revenue to the industry. The result, the study concludes, could be detrimental to the nation's reserve of energy sources through insufficient funds for adequate exploratory effort, "and the search won't be made unless there is a sufficient profit motive."

NUFFORT

(Concluded from page 12)

even requests from one's own sales management or a company official.

Many credit executives report that they verify all claims with competitors. Some visit or telephone a customer to discuss requests which reach the credit department through sales folk. Many obtain opinions from sales management, legal advisor, financial management.

Some confirm all payment arrangements in writing to avoid misunderstandings. Others never do so, lest the customer exhibit the confirmation to other suppliers. Some transmit the decision through the same medium as that through which the request was received. "Promptness in responding serves a valuable purpose. Silence may be considered acquiescence."

Threefold Goal

Effective resistance to requests for special payment arrangements requires professional credit work of a high order, says Mr. Nuffort, to reach the threefold goal of retention of customer goodwill, respect of the sales personnel and of the business.

Most frequently reported reasons for rejections are: (1) Limited confidence in customer's prospects; (2) customer's record or reputation as a "chiseler"; (3) supplier in strong competitive position; (4) seller would be leading competition, not meeting it; (5) product carries low mark-up; (6) renewed requests from customer indicate arrangement becoming permanent.

How Rejections Are Handled

How does credit management go about rejecting the requests? Mr. Nuffort presents 17 observations by credit executives, many from his classmates at NACM's Graduate School.

Reference is made to the Robinson-Patman Act and to the necessity of avoiding discrimination.

It is specified that the customer must be reported past due and slow.

The cash discount must be sacrificed.

Every request must be reviewed by the top credit or financial executive.

The customer is told, "Our legal department will not allow us to offer to one customer what we do not offer to all."

Some insist upon interest-bearing notes or trade acceptances dating from the normal due date. The option always exists of demanding personal indorsement of these notes. One machinery manufacturer, who sells on a contract basis, reports, "It is our policy to charge interest at 6 per cent on past due accounts."

Where operating margins are unusually close, it has been emphasized that pricing is based upon normal turnover. One seller discusses his own accounts receivable handling and follows with a review of the customer's methods. Invariably, room for improvement is discovered.

Expiration Date Definite

A definite expiration date of the special arrangements is fixed and closely observed.

Negotiation with the local bank of account is recommended, particularly when the bank is known to be receptive. One manufacturer refers customers to their local bankers.

Some insist on receiving a letter of request from a principal in the customer's firm, on the basis that the request involves the customer's payment reputation, even his borrowing ability.

Many trace every request received at second or third hand, as these are frequently garbled on receipt.

It is usual to require identification of the "more liberal" competition. One insists upon proof of the competitive offer.

Some suggest the customer visit the credit department to discuss the proposition.

Many insist upon a review of a reasonably current balance sheet and operating details as a prerequisite to consideration.

One informant presses an exploration of orthodox financing very closely. Warning is given that "extended trade credit is the last cushion" of any business.

Some credit managers agree to the extra time but set a restrictive credit limit requiring payments close to terms.

Credit executives frequently emphasize the cost of the money which would be tied up by payment concessions.

COFFEE BREAKS ARE CONFERENCES, TOO. James H. Donovan (center), president of the National Association of Credit Management, with W. A. Sandusky (right), credit manager, The Standard Register Company, president of the Dayton Association of Credit Men, and H. B. Simpson, vice president, American Lubricants Company, who was chairman of the Ohio Valley Regional Credit Conference. Mr. Donovan, assistant treasurer, Jones & Laughlin Steel Corporation, Pittsburgh, addressed the Conference (article in February CFM).
Dayton News Photo

Chase Manhattan Foundation to Match Employees School Gift

A three-part program of The Chase Manhattan Bank Foundation, which made grants totaling $150,000 to 66 colleges and universities last year, will give financial aid to social welfare, cultural, health, education and other public service organizations, in line with the bank's direct donations formerly.

The Foundation, which last year made unrestricted donations of $10,000 each to ten educational institutions, and allotted a total of $50,000 to three fund-raising associations for liberal arts colleges in the Northeast, will this year match educational contributions made by employees of the bank to qualified educational institutions. The total to be matched in a year is up to $1,000 for any employee.

Guides to Improve Executive Operation

KEEPING INFORMED

60 BEST BUSINESS LETTERS—68-page booklet contains selected examples of tested business letters which have proved effective in diverse industries. For copy, write on business letterhead to American Automatic Typewriter Company, 2323 No. Pulaski Road, Chicago 39, Ill.

MATH-O-MATIC—Book of tables for use by business generally, accountants, engineers; is said to be a time-saver in connection with percentage markups and discounts. Solves problems in multiplication, division and percentages, logarithms, square and cube root. Included are reciprocals and pi products of all numbers from 1 to 1000. 224 pages; price $5.95 copy. Prepared in West Germany and distributed by R/B Crafters, 1642 Fairmount Av., Philadelphia 30, Pa.

FLEXI-VAN-SERVICE—New concept in door-to-door rail-highway-water transportation is described in leaflet of New York Central System, which tells how integrated freight shipment service works to cut down inventory costs, reduce warehousing overhead. Service is available to any plant, on line or off-line, in approximately eleven states and Canada. For copy, write A. E. Baylis, Vice Pres., New York Central System, 466 Lexington Ave., New York 17, N.Y.

CHECKLIST GUIDE TO PROFITABLE MARKETING—As a help in taking inventory of your company's marketing program, the guide lists 99 questions, the answers to which should provide an objective self-appraisal. Categories covered in the marketing consultants' pamphlet include distribution, marketing costs, pricing, merchandising and promotion at the trade level, merchandising policies. For free copy address your request to Stewart, Dougall & Associates, 405 Park Ave., New York 22, N. Y.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving booklets described below in this column, address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N. Y.

EFFICIENCY TIPS

737—Hemlock Erasable Paper, rag-content paper which comes in various weights and sizes, permits typewriter erasures without leaving any marks. Distributor, The Pengad Companies, offers sample ream. Please specify weight preferred.

▼

738—"Distance and Time in Your Data Processing Program," colorful leaflet of Private Wire Services div., Western Union Telegraph Co., outlines how WU can be of service in a company's data processing program, illustrates types of apparatus utilized.

▼

739—Remington Rand leaflet on electronic motor freight accounting describes how medium-size Univac File-Computer is used to process accounting records, prepare operating statistics. Ask for U-1532 and U-1555.

▼

740—How Copyflex diazo type copying is related to simplification of paperwork is described in an informative 12-page booklet of Charles Bruning Co., which also illustrates a number of useful techniques.

▼

741—For literature on "Multi-Rite" Pegboard Binder Payroll Package of C. E. Sheppard Co., which contains a year's supply of necessary forms for payroll of 25, write us.

▼

742—Industrial Equipment Catalog for Executive Planning, 16 pages, illustrates and gives specifications on hundreds of items for office and plant available from Precision Equipment Co.

▼

743—"Binder Finder," handy plastic measuring device used as an aid to determine proper size plastic binding to bind together papers, is offered free to plastic binding users by American Photocopy Equipment Co.

BOOK REVIEWS

DEVELOPING EXECUTIVE CAPACITY—by Edwin Laird Cady. $4.95. Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N.Y.

• This might well be selected as the book of the month. It is a "must" for every executive and everyone who wants or hopes to be an executive. Space here is entirely inadequate to fully review this splendid book, which clearly emphasizes dependence upon groups of people and in a hard-headedly practical manner suggests ways of evaluating one's present position, the devices and processes by which one sees the position ahead and prepares for it, and how to master association and imagination, ways of communication and allied requirements to attain the executive position desired. To help the reader apply the lessons or suggestions, the author has inserted self-development sections throughout the book.

CREDIT MANAGEMENT YEAR BOOK—Annual publication of the credit management division of the National Retail Merchants Association, 100 West 31st St., New York 1, N. Y. 310 pages.

• Retail credit management in all important factors is discussed comprehensively in authoritative articles in this 25th annual guidebook for the nation's merchants. Among the topics: Promotion, management, expenses, collection, bill adjustment, credit management and plans.

Writes A. Leonidas Trotta, research director and compiler, in the preface: "Developments have highlighted realization that the credit executive should be a member of the top level management team." The division chairman, Robert M. Grinager, credit manager, J. L. Hudson Company, Detroit, holds the Executive Award of NACM's Graduate School of Credit and Financial Management at Dartmouth College.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your bookstore or direct from the publisher.

Panel Discussions of Training and Protection Will Highlight May Credit Congress at Dallas

By LEE H. COLE

Credit Manager
Darr Equipment Co., Dallas

Publicity Chairman

63rd Annual Credit Congress

PANEL discussions of two subjects of immediate interest — and concern — to credit management in the highly competitive period ahead will be among the highlights of the outstanding program developed for the plenary sessions of the 63rd Annual Credit Congress, at Dallas, Texas. The convention will open on Sunday, May 3rd, and close with election and induction of 1959-60 officers and directors on Thursday noon, May 7th.

With the announcement of the subjects of the panels comes also the news that yet another guest speaker of national note has joined the array of prominent personalities who will address the general sessions of the National Association of Credit Management convention.

The goal of the program committee was to obtain top caliber guest speakers and panelists of recognized achievement in the business world, and the leaders of the Dallas Association of Credit Management, Inc., are outdoing themselves in cooperating to attain that goal.

K. Calvin Sommer

Albert C. Kelly

Training and development of credit personnel will be the topic of the panelists on Monday, May 4th. Speakers closely associated with these aspects of successful programs for preparation for executive careers will draw upon their experiences and activities in this field to provide practicable information for the delegates to take home to their own operations. Moderator: K. Calvin Sommer.

Insurance buyers will comprise the panel on Wednesday, May 6th. After pointing out the hazards and risks which can wreck a company, the speakers will proceed to detail steps and procedures to follow in order to overcome them. Moderator: Orville B. Tearney.

To credit executives of all companies, large and small, special interest attaches to the identity and service of the newly announced guest speaker, Albert C. Kelly, deputy administrator for financial assistance, Small Business Administration, since August 1957.

Following Congressional enactment of the Small Business Investment Act of 1958, Mr. Kelly last year was named acting deputy administrator of SBA's investment division. Regional director at Dallas in 1956, Mr. Kelly two years ago was advanced to director of the office of financial assistance.

In his new post Mr. Kelly directed the planning of establishment of something new on the financial horizon—a system of nationally chartered and licensed investment companies for small business, paralleling the system of nationally chartered banks. Credit management wants to know all about the new Federal plan. Mr. Kelly has the answers.

From 1946 to 1956 Mr. Kelly was with the American National Bank, Bristow, Okla., serving variously as vice president, executive vice president and board member, and trust officer, supervising the bank's trust assets in the southwest.

He was graduated from Harvard College in 1943 with a degree of bachelor of science in economics, and attended the University of Wisconsin Graduate School of Banking. In World War II he served in the Navy as a lieutenant on destroyer and submarine duty in the Pacific area. He has been the chairman of the publications committee of the Oklahoma Bankers Association and is a member of the Financial Public Relations Association.

K. Calvin Sommer, treasurer, The Youngstown Sheet and Tube Company, will be the moderator of the panel discussion of training in credit personnel development.

Mr. Sommer, past NACM vice

Orville B. Tearney

president and director, was reelected vice president—education, and trustee, Credit Research Foundation, Inc., at last year's Credit Congress in Detroit.

Member of the Ohio Bar, Mr. Sommer had joined Youngstown Sheet and Tube in 1936, became credit manager in 1940, assistant treasurer in 1952, and was elected treasurer in 1957.

Earlier association was with Guardian Trust Company of Cleveland as credit manager and trust officer.

Orville B. Tearney of Chicago, chairman of the Insurance Advisory Council, NACM, will be moderator of the Wednesday panel. Mr. Tearney is in charge of organization of the panel, and Wallace Jeffrey, New

WALLACE JEFFREY

E. N. FELIO

York, vice president of Marsh & McLennan, heads the committee on arrangements for the panel presentation.

Mr. Tearney, manager of corporate insurance and credits, Inland Steel Company, Chicago, is an alumnus of the De La Salle Institute and a graduate of the executive program of professional business education of Chicago University.

Mr. Tearney is vice president of the Chicago Association of Credit Men.

Mr. Jeffrey had joined Marsh & McLennan in 1921. In recent years he has concentrated on developing insurance programs for financial institutions. He has served as director and insurance committee chairman of New York Credit & Financial Management Association, is past chairman of NACM's Insurance Advisory Council. He has written a number of articles published in CREDIT AND FINANCIAL MANAGEMENT.

The panel on Monday will bring to the plenary platform representatives of the Federal Government and leaders of industry and finance. Complete details as to participants will be printed in the April issue.

Training and development of credit personnel are accented in the many areas of educational activity of NACM—in the National Institute of Credit, in the Credit Research Foundation, Inc., and its special studies. The Credit Management Hand Book, 776-page guide to principles, methods and procedures of effective credit management, published last year, was prepared and edited by the Foundation.

Earl N. Felio, of South Orange, N. J., who is serving his third term as president of the Foundation, has just been elected to the board of directors of The First National Bank of Jersey City.

Mr. Felio, a director of NACM, is treasurer, assistant secretary, and general credit manager of Colgate-Palmolive Company. He is also a director of the National Better Business Bureau, Inc., is on the board of managers of the Provident Institution for Savings in Jersey City, and on the directorships of the New Jersey State Chamber of Commerce, the New Jersey State Safety Council and the Y.M.C.A. of Jersey City, the board of corporators of the Peddie School and a member of the advisory committee of the Joint Council on Economic Education, New York City.

NACM's educational and research services will be reflected in many activities at the Credit Congress in Dallas; including the meetings of the Foundation's board of trustees and various committees, and at a joint session of the Foundation's committee on professional development and education and the NACM committee on education. William P. Layton is NACM director of education.

As the convention program approaches completion, NACM members are doubly assured that the Dallas gathering will provide them with limitless opportunities to amplify their store of knowledge and technics to help their companies to forge ahead to new profit figures for 1959.

REMINDER!

Entries for the ANNUAL INSURANCE PLAQUE AWARD are due March 15th. Presentation is to be made at the NACM Credit Congress in Dallas to that Association which has shown the most outstanding leadership over the past year in promoting among its members a wider knowledge and recognition of customer hazards and applicable coverages in their relation to sound credit management.

Address entries to: Awards Committee, National Insurance Advisory Council, National Association of Credit Management, 229 Fourth Ave., New York 3, N. Y.

Gilroy Named President of The Uptown Credit Group

Joseph F. Gilroy, vice president of Mill Factors Corporation, New York, is the new president of The Uptown Credit Group, Inc., elected on the 35th anniversary of formal organization of the Group. He succeeds Joseph C. Locastro, vice president of Commercial Factors Corporation.

J. F. GILROY

Herman Goldsmith, assistant treasurer of Century Factors, Inc., was named first vice president of the Group, Thomas F. Werring, credit manager, Rusch and Company, is second vice president. Nelson B. Hazeltine was reelected secretary-treasurer, Miss Agnes M. Hyer assistant secretary.

Elected to the board, besides Messrs. Gilroy, Locastro, Goldsmith and Werring, were V. P. Arminio, asst. secty., James Talcott, Inc.; F. C. Bonura, First National Bank of Boston; V. T. Dunning, credit mgr., Congress Factors Corp.; Harry Fuchs, asst. v.p., Rosenthal & Rosenthal, Inc.; R. W. Griffith, J. P. Stevens & Co., Inc.; Irwin Naitove, v.p., Naitove Factors Corp.; J. T. O'Brien, partner and credit mgr., Coleman & Co.; and E. W. Schulz, v.p., L. F. Dommerich & Co., Inc.

Year's Motor Vehicle Output Down, But December's Was Up

Motor vehicles produced in 1958 totaled 5,119,720 units contrasted with 7,220,431 in 1957, but output last December was higher than for the corresponding month in '57. The 1958 output included 4,247,441 passenger cars, 869,279 motor trucks, and 3,000 motor coaches, the Automobile Manufacturers Association reports.

Institute's Revised Course Doubles Enrolment in One-Fourth the Time

Twice the number of registrants in one fourth the time compared to last year—that is the response which the National Institute of Credit of the National Association of Credit Management, has received for its revised correspondence course in "Credit and Collection Principles."

"Credit and Collection Principles" is a pre-requisite for the Associate and Fellow Awards program of the Institute. Several companies use the course as part of their training program for new employees in their credit department, while others utilize it as a refresher. To attract multiple enrolments, the N.I.C. offers a discount to groups of six or more. A number of credit associations offer scholarships to members who enroll.

Plans have also been formulated for a new course in "Advanced Credits and Collections," which will be available soon.

The combined courses will enable a participant to follow a sequence beginning with credit and collection practices, methods, and procedures. Featured will be credit department organization and function, credit department personnel, sources of credit information, credit risk factors, credit interchange services, interpretation of credit reports, collection procedures, handling of insolvent accounts.

The second course places emphasis upon analysis of financial statements, including ratios, legal remedies used in collection of delinquent accounts, credit insurance, bankruptcies, measures of credit department efficiency, and other important phases of credit work.

Certificates suitable for framing are awarded upon completion of these college level courses.

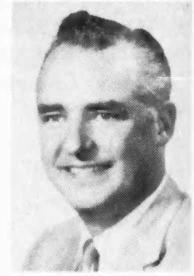
Los Angeles Chapter of Institute Presents Awards

ABOVE: Presentation of Associate Awards. (Left to right) Ralph Williams, U. S. Plywood Corp.; Lawrence Fullington, Jr., Standard Oil Co.; Richard Andelin, Weiser Co.; L. R. Edwards, Union Oil Co., Chapter vice president, and W. L. Chilson, Kaiser Steel Co., Chapter president.

BELOW: Fellow Awards are presented. FRONT ROW (l to r) Max Hogg, Graybar Electric Co.; Paul Greer, Tidewater Co.; John Haig, Consolidated Produce Co.; Don S. Goldberg, Boston Shoe Co. SECOND ROW: John Strouse, Los Angeles Produce Dealers Credit Bureau; Joseph Greenberg, Revell, Inc.; Dean Richardson, Great Lakes Carbon Co. TOP ROW: Mr. Chilson; Lee J. Fortner, executive vice president, Credit Managers Association of Southern California; and Mr. Edwards.

St. Paul Association Appoints R. L. Bishop Executive Secretary

Richard L. Bishop has begun his duties as executive secretary of the St. Paul Association of Credit Men and manager of Credit Managers Service, Inc., an affiliate.



R. L. BISHOP

Mr. Bishop, 39, native Minnesotan with four years of service as a flier in the U. S. Navy Air Corps in World War II, was for five years agency manager, Minneapolis *Star and Tribune*, at Grand Rapids, Minn.

He entered the Chamber of Commerce management field in 1953, was manager of the Le Sueur Chamber two years; wholesale and trade promotion manager, St. Paul Chamber, two years, and recently was manager of the Alexandria (Minn.) Chamber. He is president-elect of the Minnesota Chamber of Commerce after a term as vice president.

Mr. Bishop has served as president of the Grand Rapids Jaycees and as a national director of the United States Junior Chamber of Commerce.

Mr. and Mrs. Bishop have four children.

Deaths

Wilbert Ward, Banker, Dies; Former Chairman of FCIB

Wilbert Ward, former chairman of the Foreign Credit Interchange Bureau NACM, who was a vice president of National City Bank of New York (now First National City Bank) when he retired in 1950, died at 70 in his home at Setauket, N. Y.

Mr. Ward, an authority on foreign credit, was the author of "Bank Credits and Acceptances" and "American Commercial Credits".

Martin Matz

Martin Matz, treasurer of H. Fendrich, Incorporated, Evansville, Ind., died after 23 years in the service of the company. Most of the period he was treasurer, after promotion from assistant treasurer. Mr. Matz was first vice president of NACM Tri-State Area, Inc., 1955-57, and chairman of its membership committee.

E. S. Root

Ed S. Root, who died recently at 98 in California, had been president of the NACM Iowa Unit shortly after it was organized. He was the founder of Root Casket Company, Des Moines.

William G. Orr, Jr.

William Grant Orr, Jr., 61, secretary and assistant treasurer of Shaw Brothers Oil Company, Miami, had previously been associated with Pure Oil Company for 43 years. He was a director of NACM South Florida Unit and a past president of Miami Springs Rotary Club.

Grover Bickley

The death of Grover Bickley, Knoxville, Tenn., followed by only a few months his retirement as credit manager of Deaver Dry Goods Company, after 25 years with the company.

J. H. Pritchett, Sr.

The death of J. H. Pritchett, credit manager, Warren Sewell Manufacturing Company, Bremen, Ga., came after extended illness. He had been a director of the Georgia Association of Credit Management.

"Getting to Know You," Theme Song Of Credit Manager Now to Account

CONSTRUCTIVE credit managers are directing their operations toward understanding and getting along with people through direct relationship with customers, said James H. Donovan, president of the National Association of Credit Management, guest speaker at officer installation ceremonies of the New Orleans Credit Men's Association.

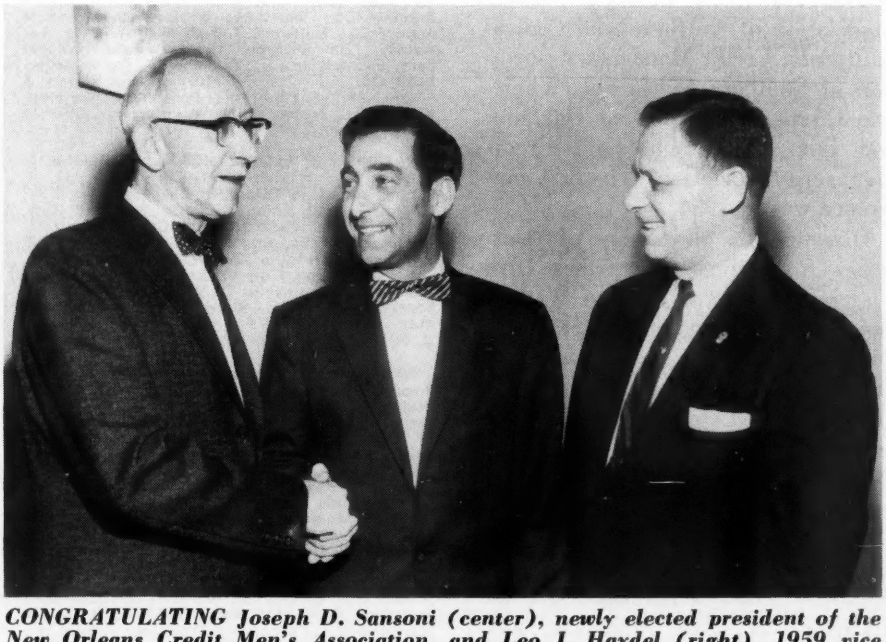
The assistant treasurer of Jones & Laughlin Steel Corporation, Pittsburgh, also emphasized the vital necessity of co-ordination and integration of a company's credit policy, practices and procedures with its sales policies and programs.

Joseph D. Sansoni, credit manager, Avondale Marine Ways, and Grand Exalted Superzeb, Royal Order of Zebras, was installed as president of the New Orleans association, and as vice president Leo J. Haydel, credit manager, Woodward, Wight & Co., Ltd., Exalted Superzeb who was honored at the Credit Congress in Detroit as outstanding Zebra of the year. Fred L. Lozes continues as association secretary-treasurer and manager, and J. Bowling Charles as assistant manager.

J. A. Monier, Jr., credit manager, Wesson Oil and Snowdrift Sales Company, Southern Division vice president NACM, was master of ceremonies at the dinner meeting. Merit certificates were presented to retiring president G. Albert Knesel, assistant vice president, Hibernia National Bank in New Orleans, and retiring directors Blaine R. Gregory, credit manager (retired), Armour & Company; Leonhard F. Salathe, Sr., vice president (retired), National Bank of Commerce in New Orleans; and Mrs. Natalie Kerlin, treasurer, Shuler Supply Company, Inc.

Mr. Donovan told the credit executives that "to effectively and successfully market the company's goods or services, create and maintain sound accounts receivable turning over within terms of sale in satisfactory proportion, and properly discharge their respective and coordinated responsibilities to management, there must be close and harmonious relationships between credit and sales personnel on an individual as well as an integrated basis."

Translating the awareness of the necessity for direct relationships with customers in the field, the forward-looking credit executive "puts forth every sincere and purposeful effort to assist and counsel, and, in every reasonable and proper way possible, aid customers in the solution of problems of mutual interest and benefits."



CONGRATULATING Joseph D. Sansoni (center), newly elected president of the New Orleans Credit Men's Association, and Leo J. Haydel (right), 1959 vice president, is Fred L. Lozes, secretary-treasurer and manager.

CONFERENCE LEADERS at California Credit Management Workshop at Carmel, sponsored by NACM's Credit Research Foundation, Inc.: STANDING (l to r): C. Lloyd Thorpe, employee relations manager, Guy F. Atkinson Co., San Francisco; Leonard Marks, Jr., assistant professor of finance, Graduate School of Business, Stanford University; Joseph Trickett, professor of management and director of Management Center, University of Santa Clara; SEATED: Gerald O. Wentworth, assistant professor of accounting, Graduate School of Business, Stanford; and J. Allen Walker, general credit manager, Standard Oil Company of California, San Francisco.

California Workshop's Roster of 56 Establishes New Par for the Course

Enrolment of 56 registrants set a new record at the fifth annual California Credit Management Workshop, at Carmel, under the sponsorship of NACM's Credit Research Foundation, with William P. Layton, NACM director of education, in charge. Participating were four affiliated units; the Credit Managers Association of Northern and Central California, Credit Managers Association of Southern California, Wholesale Credit Association of Oakland, and San Diego Wholesale Credit Managers Association. The first conference was in 1954.

Directing the discussion of "Customer Counseling" were these five conference leaders: J. Allen Walker, general credit manager, Standard Oil Company of California, San Francisco, immediate past president of NACM; Leonard Marks, Jr., assistant professor of finance, and Gerald O. Wentworth, assistant professor of accounting, both of the Graduate School of Business, Stanford University; C. Lloyd Thorpe, employee relations manager, Guy F. Atkinson Co., San Francisco, and Joseph Trickett, professor of management and director of the Management Center, University of Santa Clara.

The following registered for the Workshop:

GROUP A: J. ALLEN WALKER, LEADER—F. B. Bremer, Union Oil Co. of California, Los Angeles; R. F. Dwyer, Wells Fargo Bank, San Francisco; S. C. Hamilton, Columbia-Geneva Steel Div.-U.S. Steel Corp., S.F.; D. W. Lindstedt, American Can Co., S.F.; Henry Mozesson, Falstaff Brewing Co., San Jose; W. B. Pringle, Pringle Tractor Co., Salinas; S. T. Rich, Rich Steel Co., Los Angeles; Hal Sconyers, Crocker-Anglo National Bank, Sacramento; W. V. Sutherlin, Crown-Zellerbach Co., S.F.; P.E. Wahlstrom, Van Waters & Rogers, Inc., Seattle; G.C. Weatherill, Northrup, King & Co., Fresno; R. M. Weinrichter, California Packing Corp., S.F.

GROUP B: C. LLOYD THORPE, LEADER—E. L. Bamber, Maas-Hansen Steel Corp., L.A.; J. T. Fagan, American Potash & Chemical Co., L.A.; C. R. Goodlet, Ampex Corp., Redwood City, H. J. Hoff, Jr., Pacific Finance Corp., L.A.; J. A. Horsburgh, Wells Fargo Bank, S.F.; H. A. Mitchell, Lawrence Warehouse Co., L.A.; W. H. Puette, Continental Can Co., L.A.; M. E. Sale, Slakey Bros., Inc., Sacramento; C. M. Stutfield, California Spray-Chemical Co., Richmond; C. E. Swanson, exec. secty.-mgr., S.F. Assn.; R. B. Williams, U. S. Plywood Corp., L.A.

GROUP C: LEONARD MARKS, LEADER—L. E. Bank. Standard Oil Co. of California, S.F.; E. E. Ecklund, Layrite Concrete Products of Seattle, Inc.; Seattle; J. R. Gramont, Standard Oil Co. of California, L.A.; W. H. Keplinger, Crown Zellerbach Co., S.F.; B. J. Lynch, Continental Can Co., L.A.; E. S. Marcus, Joseph T. Ryerson & Son, Inc., Emeryville; R. O. Means, Durkee Famous Foods, Berkeley; W. R. Ollerton, Crocker-Anglo National Bank, S.F.; C. D. Rutter, Columbia-Geneva Steel Div., L.A.; C. A. Warnacutt, Ducommun Metals & Supply Co., L.A.; G. L. Woodford, Jr., Security First National Bank, L.A.

GROUP D: G. O. WENTWORTH, LEADER—C. J. Anderson, Remington Rand, L.A.; K. S. Bevan, Market Wholesale Grocery Co., L.A.; Austin Carmona, Bohemian Dist. Co., Vernon; P. F. Foss, Dunn & Bradstreet, S.F.; R.A. Francis, San Diego Transit-Mixed Concrete Co., San Diego; D. D. Heistand, General Controls Co., Glendale; J. S. Holliday, Arden Farms Co., San Leandro; E. P. Jepsen, American Trust Co., S.F.; W. V. Singen, asst to exec. v.p., L.A. assn.; R. W. Starr, California Bank, L.A.; O.S.V. Wilson, Skaggs-Stone, Inc., Oakland.

GROUP E: JOSEPH TRICKETT, LEADER—John H. Alexander, Monsanto Chemical Co., Santa Clara; J. W. Cooledge, California Spray Chemical Co., Whittier; W. K. Hayes, Sylvania Electric Products Inc., Burlingame; Clyde Jorgensen, Southwest Supply Co., San Diego; D. O. Lockman, H. G. Fenton Material Co., San Diego; W. B. Logan, William B. Logan & Associates, Inc., S.F.; G. E. McNary, San Diego Trust & Savings Bank; Frank Mills, Spaulding Materials & Concrete Co., Oceanside; Howard Ritter, Security First National Bank, San Diego; U. T. Thompson, Lenders Service Corp., L.A.; W. O. Walden, Bank of California, Marinez.

Two Sentenced in Mail Fraud Investigated by NACM Unit

Gino Martin and Joseph Namoff were each sentenced to a year and a day in Federal prison by Judge Walter La Buy in Federal Court, Chicago, following their conviction on mail fraud charges in the Mercury Wholesale Sales Company case. Sentencing of the third defendant, William Watson, was deferred.

Intensive investigation by the Fraud Prevention Department, NACM, had been followed by the return of indictments in February 1958, two months after the fraud had been uncovered.

Rath Packing Names Schultz; Rickhoff, Retiring, Is Honored

Earl F. Schultz has been named general credit manager of The Rath Packing Company, Waterloo, Iowa, following retirement of C. C. Rickhoff, past director of the National Association of Credit Management and past president of the Waterloo Association of Credit Men.

E. F. SCHULTZ

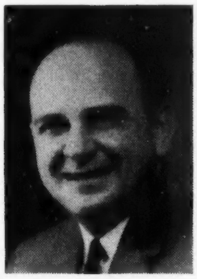
Mr. Schultz, who holds the Executive Award of the Graduate School of Credit and Financial Management (Dartmouth 1951), joined The Rath Packing Company in May 1926 and was appointed assistant credit manager in 1940.

Edwin B. Moran, executive vice president, NACM, represented the National office at a testimonial dinner given Mr. Rickhoff in December. John H. Neiman of Des Moines, secretary-manager, Iowa Unit, spoke for other associations in the state, and delegations attended from various sections of Iowa.

New Fraud Prevention Committees Of NACM Active in Three Centers

Newly named Fraud Prevention Committees of credit organizations affiliated with the National Associa-


ELMER KROENING


F. E. SPEIER


L. B. CLARK

tion of Credit Management have been active in recent commercial fraud cases involving large amounts of money.

Elmer Kroening, Allen Bradley Company, chairman of the Milwaukee Association committee, presided at a meeting addressed by Harry J. Hayes, attorney, former F.B.I. special agent now investigator for the committee.

Members at Milwaukee are Herman Mettelmann, F. R. Dengel Co., Ray S. Shannon, Weyenberg Shoe Manufacturing Co., and E. C. Waldeck, Roth Appliance Distributors. Ex-officio members are H. D. Hentzen, Wisconsin Paint Manufacturing Co., association president, and H. G. Garness, executive manager.

Heading the committee of the Detroit credit organization is Frederick E. Speier, Detroit Edison Co., with these members: Paul E. Ewers, Michigan Consolidated Gas Co.; Mrs. H. J. Prebish Eddy, Allen Cooler & Ventilator, Inc.; C. G. Bunting, Fenestra Incorporated; and Maurice Schwartz, James Talcott Co.

Serving ex-officio are Fred Flom, Detroit Edison Co., NACM director; Ivan D. Stewart, Aluminum Company of America, Detroit Association president; and Louis F. Davis, secretary-manager.

John E. Holmes, former F.B.I. special agent, is investigator for the Detroit committee.

L. B. Clark, of Signode Steel Strapping Co., is fraud prevention chairman for the Chicago Association and has as committeemen Earl Blumenthal, Hyland Electrical Supply Co., and Elmer T. Larsen of the W. D. Allen Mfg. Co. Leonard C. M. Johnson, former Government agent, is investigator.

Ex-officio members are Leland T. Hadley, Goodman Manufacturing Co., national director; Joseph J. Kaberna, First National Bank of Chicago, the local association president; and Ralph W. Martin, its executive manager.

Avoid "Ballooning Optimism," Banker Tells New England Credit Conferees

CAUTIONING against ballooning optimism arising out of an "insecure basis" for the recovery, Norris O. Johnston, vice president, The First National City Bank of New York, speaking before the New England Credit Conference in Worcester, Mass., on the economic outlook, predicted higher taxes and higher interest rates as a result of the "spending spree" of the 85th Congress. "It will take great wisdom in the 86th Congress and strong leadership from the President to find the means to retrenchment and the road back to stable prosperity." Put expenditures back under control, as the President urges, or the economy will have to be stiffened with price and wage controls, he declared.

Millard A. Lovejoy, Draper Corporation, Hopedale, Mass., was general chairman of the two-day conference which brought together executives from these eight participating associations: Boston—New England Association of Credit Executives, Inc.; Bridgeport—Credit Manager's Association of Southwestern Connecticut; Hartford Association of Credit Men; New Haven Association of Credit Men; Providence—Rhode Island Association of Credit Men; Waterbury Association of Credit Men; Springfield—Western Massachusetts Association of Credit Executives, Inc., and Worcester Branch, New England Association of Credit Executives, Inc.

Lawrence Hadley, assistant treasurer, Falulah Paper Company, Fitchburg, Mass., past president Worcester affiliate, introduced the Thursday morning speakers, who included Mr. Johnson and John W. Nuffort, regional credit manager, American Cyanamid Company, New York. (See article beginning on page 13 of this issue.)

"More industrial concerns are bypassing small cash discounts as a method of selling in favor of net terms," Richard Sanzo, staff assistant to the president, Dun & Bradstreet, Inc., New York, said in his talk on "What's Happening to Selling Terms."

Frank S. Eaton, assistant credit manager, Norton Company, president of the host Worcester group, presided at the banquet, with Ralph H. Mullane, vice president, Liberty Mutual Insurance Company, Boston, and director National Association of Credit Management, introducing speakers Sam Schneider, then special representative, NACM, and Richard Sanzo.

Panelists Discuss Cases

"Case Problems," theme of an afternoon panel which followed a talk by Prescott C. Crafts, Jr., assistant vice president, The First National Bank of Boston, chairman World Trade Center Development Committee, on "Realizing upon New England's Opportunities in Overseas Markets," had as moderator Raymond P. Coyle, vice president and secretary, Hub Distributors, Inc., Boston, president of the New England Association of Credit Executives.

Those participating in the panel were: Raymond R. Custer, New England district financial manager, Graybar Electric Co., Boston; Leonard K. Morse, credit manager, Bridgeport Brass Co.; Robert W. Radway, assistant secretary, Rhode Island Hospital Trust Co., Providence; Richard F. Newton, credit manager, J. Russell & Co., Holyoke, director NACM; and R. J. Arnold, credit manager, Independent Lock Co., Fitchburg, Mass.

Hardware Manufacturers Interchange Credit Group met the first day, with W. W. McAdam, manager, Credit Interchange Bureaus, NACM, Eastern Seaboard, presiding.

CALENDAR OF EVENTS IMPORTANT TO CREDIT

LOUISVILLE, KENTUCKY
February 26
Louisville Credit Conference on "Sources and Use of Credit Information" and "Counseling Our Customers"

TACOMA, WASHINGTON
March 19-20
Conference of the Credit Executives of the Pacific Northwest, including Idaho, Oregon, Washington, and British Columbia.

ST. LOUIS, MISSOURI
March 19-20
Credit Management Workshop

DALLAS, TEXAS
May 3-7
63rd Annual Credit Congress

FARGO, NORTH DAKOTA
September 18-19
North Central Credit Conference including Minnesota, North Dakota, Manitoba

GRAND RAPIDS, MICHIGAN
September 24-25
Great Lakes Regional Credit Conference, including Illinois, Indiana, Michigan and Wisconsin

MINNEAPOLIS, MINNESOTA
September 28-30
American Petroleum Credit Association's Annual Convention

OMAHA, NEBRASKA
October 14-16
Tri-State Credit Conference, representing Iowa, Nebraska and South Dakota

MEMPHIS, TENNESSEE
October 14-16
All Southern Credit Conference

SYRACUSE, NEW YORK
October 15-17
Tri-State Credit Conference, including New York, New Jersey, Eastern Pennsylvania, and Maryland.

CHICAGO, ILLINOIS
October 16-17-18
Midwest Credit Women's Conference

QUINCY, ILLINOIS
October 21-23
Quad-State Credit Conference, including Missouri, Kansas, Southeastern Iowa and Southern Illinois.

CLEVELAND, OHIO
October 22-23
Ohio Valley Regional Credit Conference, including Ohio, Western Pennsylvania, West Virginia, Kentucky and Eastern Michigan.

PERSONNEL MART

Assistant Credit Manager Wanted

LARGE MANUFACTURER in eastern Pennsylvania town near Philadelphia is desirous of obtaining an assistant credit manager who could, within ten years time, become credit manager. Prefer college graduate, ability to mix congenially with all types of people. Will be required to travel extensively up to 20 weeks in the year, but will be able to be home all weekends. Should be between 30 and 35 years of age. Commencement salary in neighborhood of $8,000 dependent upon qualifications; ceiling $12,000 to $14,000. Send complete resume, educational background and experience, CFM Box #467.

Credit Manager Available

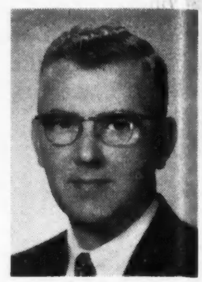
FAMILY MAN, 36, holder of Associate Award, desires position as credit manager or assistant. 12 years with hardware wholesaler. Territorial credit manager with full charge of opening new accounts, setting lines of credit, handling marginal accounts. Responsible for collection of all accounts receivable in 18 states plus Canada. Salary $8,000 to $8,500. Prefer Midwest or West Coast. CFM Box #468.

Executive Available

CREDIT AND COLLECTION Manager, age 33, desires change, will relocate anywhere. Have experience and ability to plan, organize and control your credit operation. Complete resume upon request. CFM Box #469.

W. S. Kelly Directing NACM's Commercial Claims Division

William S. Kelly has been named managing director of the Commercial Claims Division of the Service Corporation of the National Association of Credit Management, in New York, succeeding Robert C. Weatherly, Jr., resigned.


W. S. KELLY

Mr. Kelly's early commercial experience was in the field of investigation. He began in collection work at Omaha in 1946 with Dun and Bradstreet as collection salesman and adjuster of special accounts, then became manager of the mercantile claims division. Three years ago he was transferred to New Haven to organize and manage the company's claims operation for the state of Connecticut.

Mr. Kelly, born in Chattanooga, received his education in Nebraska. He served five years in World War II and was a lieutenant (Armored Force) during the Korean hostilities. He is 38 years old, married and has two children. He has been active in civic organizations and in the Commercial Law League of America, and is an elder in the Presbyterian church.

K. H. Groves Secretary-Manager NACM Montana-Wyoming Unit

K. H. Groves, native of Billings, has been named secretary-manager NACM Montana-Wyoming Unit.

From a senior high school in Billings, Mr. Groves in 1951 matriculated at the University of Colorado and was graduated with a bachelor degree in marketing.


K. H. GROVES

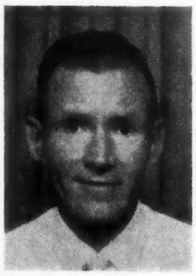
First lieutenant in the U.S. Army Engineers Corps, he served as a battalion personnel officer and headquarters company commander. From Army service he went to Akron, Ohio, and he was then assigned in the Denver area as an office and credit manager of the Firestone Tire and Rubber Company.

J. L. WOOD

J. SHACKELFORD

Executives in the News

P. J. DOWD



BRYCE OSBORN

R. W. CUMMINGS

N. M. McGUIRE

J. L. Wood Now Treasurer of Johns-Manville Corporation

Joseph L. Wood is now treasurer of Johns-Manville Corporation, New York, succeeding Roger Hackney, advanced to vice president for finance and member of the board, on the retirement of Alvin Brown. Mr. Wood continues to retain overall responsibility as general credit manager.

James M. Shackelford has been advanced to assistant treasurer.

Mr. Wood, who joined the company in 1927 as general credit manager, had been assistant general credit manager of Ajax Rubber Company. Author of "Better Sales through Credit", he is past president of the Sales Executives Club of New York and is on the faculty of the National Sales Executives Graduate School of Sales Management and Marketing at Rutgers University.

A director of the New York Credit & Financial Management Association, Mr. Wood was moderator of the panel on Sales-Credit liaison at the 59th Credit Congress, National Association of Credit Management, in Chicago.

Mr. Shackelford, who will specialize in taxes, insurance and compensation, joined Johns-Manville in 1934 as an accountant. He is a graduate of Washington and Lee University and Massachusetts Institute of Technology; past secretary, National Society for Business Budgeting, and past president, New York chapter.

Monsanto's New Treasurer Headed Overseas Division

Patrick J. Dowd, appointed treasurer of Monsanto Chemical Company, St. Louis, had been since 1954 administrative director of the company's overseas division, with responsibility for corporate and financial aspects of Monsanto's overseas operations and investments. A native St. Louisan, Mr. Dowd began with Monsanto in 1941 as director of payrolls and pensions, in 1947 became director of internal auditing.

In 1952 Mr. Dowd served as chief of the chemicals branch, Office of Price Stabilization, Washington, on leave from his company.

Steel Firm's Executive Welds Education, Industry Services

With seven years Navy service behind him, Bryce Osborn went on to take his B.B.A. at the "U" of Houston, to earn the Associate and Fellow Awards of the National Institute of Credit. Entering the employ of Earle M. Jorgensen Company in 1950 as accounting clerk, he has paced professional and industry activity equally earnestly. In the Houston Association of Credit Men he has served as chairman of the Industry Group and as chairman of the education committee. He now is president of the association.

In the Jorgensen company, Mr. Osborn advanced progressively, becoming credit manager and accounting supervisor of the Houston plant in 1955.

Georgia Credit Leader Set Goal in College Activities

The new president of the NACM Cherokee Unit, Chattanooga, Noble M. McGuire, rehearsed for his current credit leadership role while attending University of Georgia, Atlanta division, where he headed the Credit Club for one year. Mr. McGuire is a graduate of the university, business administration major. He also holds the Associate Award, National Institute of Credit.

General credit manager for five years of Cabin Crafts, Inc., Dalton, Ga., manufacturer of carpets, Mr. McGuire earlier had been assistant credit manager of Beck & Gregg Hardware Company, Atlanta. Prior to moving to the Chattanooga area, he was a member of the Georgia Association of Credit Management.

Cummings Now Treasurer Of Crouse-Hinds, Syracuse

Raymond W. Cummings has been named treasurer, Crouse-Hinds Company, Syracuse, N.Y., to succeed J. R. Tuttle, who continues as chairman of the board. Mr. Cummings has been with the company since 1956. He became secretary in April 1958 and serves in dual capacity. Formerly he was a partner in the public accounting firm of Gilfoil, McNeal & Cummings.

He is president of Oberlin College alumni club of central New York and past secretary of New York State Society of Certified Public Accountants.

Reports from the Field

PHILADELPHIA, PA.—"Advanced Education for the Credit Manager" was the subject of William G. F. Price, vice president, The Chase Manhattan Bank, New York City, at the luncheon meeting of The Credit Men's Association of Eastern Pennsylvania. A member of the New York Credit and Financial Management Association, Mr. Price is author of the book, "How to Borrow Money from Your Bank," and adjunct associate professor, graduate school of business, Columbia University.

ST. LOUIS, MO.—Second round table conference of the newly organized Foreign Credit Chapter of St. Louis Association of Credit Management met for dinner and panel discussion. Frank C. Lexa, Mercantile Trust Co.; Jose A. Roldan, Roldan Export International; Val Romero, Lincoln Engineering Co, and Albert J. Wagner, Mallinckrodt Chemical Works, were panelists. Rolla H. Stocks, Monsanto Chemical Co., was moderator.

SAN FRANCISCO, CALIF.—Ransom Cook, senior vice president, American Trust Company, spoke on "Consistent Inflation and Its Effect on Credit Management" at the general meeting of San Jose chapter, Credit Managers Association of Northern and Central California.

Dr. Herbert Kay, research consultant, Walter Landor & Associates, and specialist in motivational research, titled his talk before the National Institute of Credit "Dollar Down, Balance When You Catch Me."

AKRON, OHIO—Discussion problems for the workshop-dinner meeting of the Akron Association of Credit Men were prepared by W. A. Flickinger, Ernst & Ernst, and G. G. Lynch. Discussion leaders included H. A. Adrian, Dun & Bradstreet; T. J. Spaethe, Pittsburgh Plate Glass Co.; C. L. Mason, Firestone Bank; R. J. Saunders, Summit Elec. Supply; R. E. Brillhart W. E. Wright Co.; J. A. Jackson, Akron Lumber & Supply.

MINNEAPOLIS, MINN.—L. L. Cunningham, president, Business Institute of Milwaukee, was speaker at the meeting prior to the two-day seminar sponsored by the Credit & Financial Management Association Minneapolis Unit.

Robert Alexander, director business analysis department, Pillsbury Mills, Inc., was one of the speakers at the full-day meeting of the National Feeder Finance Group.

PITTSBURGH, PA.—James H. Donovan, assistant treasurer, Jones & Laughlin Steel Corp., Pittsburgh, president National Association of Credit Management, pointed out constructive ways "Toward More Effective Organization" at the Credo luncheon meeting of The Credit Association of Western Pennsylvania.

"Mechanics in Handling Foreign Sales Transactions" was subject of Alex S. Robertson, general traffic manager, Joy Manufacturing Co., at the monthly meeting of the Foreign Credit Club of the association.

DALLAS, TEXAS—C. W. Ferguson, Small Business Administration regional director for area embracing Arkansas, Louisiana, Oklahoma and Texas, addressed the luncheon meeting of The Dallas Association of Credit Management, Inc.

Face-to-face communication was explained in a 22-minute film "Engineering of Agreement," shown at the following meeting. The film was developed by University of Southern California's department of psychology.

YOUNGSTOWN, OHIO—"Credit Management—Fact-Finding or Guessing" was theme of talk by Edward O. Kallman, executive vice president, Stationers & Publishers Board of Trade, New York City, at the meeting of the Youngstown Association of Credit Men. Mr. Kallman is associate professor in the finance department, Pace College, New York.

James M. Dawson, vice president and economist, National City Bank of Cleveland, in a "crystal ball look" at business, at a subsequent meeting of the association, saw "an excellent year ahead," said the recent recession followed to a great extent the patterns set by the slumps of 1949 and 1954.

HARTFORD, CONN.—Employer-employee relationship was subject of Dr. Austin McCawley, psychiatrist on staff of Institute of Living, at the dinner meeting of the Hartford Association of Credit Men.

SYRACUSE, N.Y.—R. Walter Riehlman, Representative to Congress from New York State since 1947 and owner of the Tully Bakery, was dinner meeting speaker of the Syracuse Association of Credit Men.

Ralph Holzwarth, commercial relations specialist, General Electric Co., Syracuse, at the next meeting had for his topic "How Is Your Business Climate?".

BILLINGS, MONT.—Montana-Wyoming Unit, NACM, joined with Chamber of Commerce wholesalers committee and Billings Traffic Bureau in program for exchange of ideas to keep Billings the "distribution center it is."

EVANSVILLE, IND.—Federal Reserve Bank of St. Louis speakers at the joint meeting of the NACM Tri-State Area and Kiwanis Club, who discussed the money supply and how it functions in the national economy, were Dale M. Lewis, vice president; W. E. Walker, assistant vice president, and David T. Lampkin, economist of the bank.

Women's Groups

BINGHAMTON, N. Y.—"Electronics in Banking" was topic of Jerome W. Cornell at the dinner meeting of the Triple Cities Credit Women's Club. Mr. Cornell is assistant treasurer and auditor, Industrial Bank of Binghamton.

SYRACUSE, N. Y.—Arthur Cornelius, Jr., special agent, Federal Bureau of Investigation, addressed the Women's Group of the Syracuse Association of Credit Men.

CLEVELAND, OHIO—David H. Hotchkiss, assistant treasurer, Petrequin Paper Co., Cleveland, NACM director, was speaker at the "Know Your Association" meeting of the Cleveland Credit Women's Club.

ROCHESTER, N. Y.—J. Robert Murray, assistant vice president and trust officer, Security Trust Co., spoke before the Women's Group of the Rochester Credit & Financial Management Association. His subject was "Family Estate Planning."

SAN ANTONIO, TEXAS—"NSF Check Problems" in wholesale operations was topic of Mrs. Zana Stanley, of the check collection department, district attorney's office, at the meeting of the Ladies Group of the Southwest Texas Wholesale Credit Men's Association.